

LEADERS

For Sustainable Livelihoods

MARKET RESEARCH STUDY ON THE DEVELOPMENT OF VIABLE ECONOMIC SUBSECTORS IN LEBANON

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ABBREVIATIONS

AUB	American University of Beirut
BDS	Business Development Support
CAHL	Center for the Armenian Handicapped in Lebanon
CAS	Central Administration of Statistics
CSOs	Civil Society Organizations
EU	European Union
FHF	Food Heritage Foundation
GDP	Gross Domestic Product
ICT	Information and Communication Technology
INGOs	International Non-Government Organizations
IRI	Industrial Research Institute
JMP	Jinishian Memorial Program
K-M-O	Kaiser-Meyer-Olkin
KPHCC	Karagosian Primary Healthcare Centre
LARI	Lebanese Agricultural Research Institute
LBP	Lebanese Pound
LIVCD	Lebanon Industry Value Chain Development
LMT	Lebanese Mountain Trail
LMTA	Lebanese Mountain Trail Association
MSMEs	Micro, Small and Medium Enterprises
NGOs	Non-Government Organizations
Ob Gyn	Obstetrician/Gynecologist
OLS	Ordinary Least Squares
PCA	Principal Component Analysis
SMEs	Small and Medium Enterprises
Sq.m	Square Meter
UHC	Universal Health Care Coverage
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
USD	United States Dollar
USJ	Université Saint-Joseph
WADA	Women's Association of Dayr al-Ahmar

1 INTRODUCTION

The social and economic repercussions of the Syrian crisis on both host and refugees communities in Lebanon have spurred a growing interest in understanding the factors that affect the growth of Micro, Small and Medium Enterprises (MSMEs). The Lebanese government, donors and CSOs have been increasingly participating in assistance programmes for MSMEs in their response to the crisis. The support of MSME growth hinges on the overall objective of spurring economic growth and creating jobs for vulnerable Lebanese and Syrian refugees. In other words a vibrant MSME sector can play a key role in creating jobs and stimulating economic growth. In turn, an in-depth analysis of the obstacles to the growth of MSMEs would appear to be necessary to understand and clarify how SMEs can overcome barriers to growth.

With the support of the EU Madad Trust Fund and DANIDA/Ministry of Foreign Affairs of Denmark, and under the Regional Resilience and Livelihoods Program for Syrian refugees and host communities, the LEADERS Consortium (composed of ACTED, Danish Refugee Council, CARE, Oxfam, Makzoumi Foundation and Save the Children) has launched a programme that aims to contribute to the economic self-reliance and resilience of displacement-affected populations in Jordan and Lebanon. One of the programme's interventions aims at supporting existing and scalable private sector enterprises (MSMEs) through improving access to sustainable livelihoods opportunities benefiting vulnerable households and individuals, and enhancing the overall economic enabling environment and service.

The present research falls within this context and aims at providing an in-depth analysis of three pre-selected sectors – construction, food services and food processing – in order to identify the market dynamics, characteristics, opportunities and challenges for their growth. The research aims to achieve the following objectives:

1. Provide an in-depth understanding of the various political, economic, social and legal forces affecting and governing the MSMEs within the selected sectors and subsectors
2. Analyse the main opportunities and challenges facing the MSMEs and identify ways to mitigate the challenges and benefit from the opportunities in the corresponding sectors and subsectors through the provision of a business support plan based on the various enterprise profiles
3. Analyse the potential for development of new subsectors in the different target regions regarding their challenges, needs and their capacity to create new job opportunities and contribute to local economic growth.

1.1 SECTIONS OF THE REPORT

This report is divided into 14 sections. The next section provides a short literature review of the most relevant documents that have influenced this research. Section 3 details the methodology used for the research study in both its quantitative and qualitative data collection approaches. Section 4 provides a contextual analysis of the study by looking at the political economy of Lebanon's productive sectors, highlighting the main structural problems in Lebanon's economy and the repercussions it

has had on living standards, livelihoods and inequality. Section 5 sheds light on the state of informality among enterprises and the resulting spread of informal labour. Section 6 presents the results of the enterprise survey, outlining a general profile for both respondents and the enterprises, and highlighting their major features. Section 7 provides an analysis of employment in the surveyed enterprises through assessment of the main characteristics of employees, their skill levels and average wages within each sector. Section 8 provides

a snapshot of each region through a series of indicators, describing the enterprises within each sector. Section 9 analyses the barriers to growth of enterprises through principal component and regression analysis. Section 10 highlights the Business Development Support (BDS) needs, as expressed by respondents in the enterprise survey. Section 11 presents a series

of conclusions and recommendations. The last three sections are dedicated for case studies on promising subsectors in each of Tripoli, Beqaa and Burj Hammoud.

BACKGROUND AND RELEVANT STUDIES

Several studies have been conducted for the purpose of assessing the labour needs in various sectors of the economy and looking into ways to support MSMEs. The present study has drawn on the conclusions of these studies and has tried to complement their major findings as well as providing an alternative perspective to some of the existing analysis.

The United Nations Development Programme (UNDP) commissioned an assessment of the labour needs in three sectors: construction, agro-food and Information and Communication Technology (ICT) entitled *Mind the Gap: A Labour Needs Assessment for Lebanon*, which was published in March 2017. Based on a survey of 240 enterprises conducted in 2016 and distributed at the national level, the study reported skill gaps within the semi-skilled labour sector and stressed the need for vocational training for these workers. Lack of understanding of the new technologies, quality and cost control, and monitoring and evaluation were also highlighted as major challenges that require interventions by policy makers and stakeholders. The report concludes with a series of recommendations at the national as well as sectoral level.

In 2016, the LEADERS consortium commissioned Beyond Reform and Development to conduct a skill gap analysis for the three regions also targeted in this study, namely, Mount Lebanon (Jdeideh, Dekwaneh, Burj Hammoud and Baushrieh), Tripoli (city and district) and the Beqaa (Zahle and Baalbek). In fact, the sectors selected for this study are based on the findings

of this report. These findings are drawn from a total of 267 surveys (71 in Mount Lebanon and 196 in the North and Beqaa), 15 focus group discussions and 19 key informant interviews. They reported an optimistic growth outlook among SMEs in the services sector, reflecting hopes for political improvement and successful working strategies in the coming years. They found limited labour absorption capabilities in the car repair sector, furniture production, textile industry and tourism sectors. There was a discrepancy in perceiving the impact of the Syrian crisis: while enterprises in Beqaa saw a positive outcome, half of the enterprises in Mount Lebanon saw negative repercussions on the national economy. Among the reported barriers to hiring workers, skills, the prevailing legal framework and cultural issues were the most frequently cited. Enterprises report a gap between the educational background of the labour force and the job market needs. But despite the prevalence of these reported issues, there is a lack of awareness within BDS programmes, where most enterprises didn't express a need for training.

A skill gap analysis validation was also implemented by Oxfam in the same regions among enterprises in the food-related and construction sectors, with a set of qualitative and quantitative data. In Mount Lebanon, the identified sectors were construction, food-related (food and beverage and catering) industries, gardening and manufacturing. The food-related sector employs the largest number of full-time employees, the majority being female. Most

employers prefer to hire trained and educated employees instead of unskilled labour because they lack the resources to train newcomers, but beyond this, employers are looking for candidates who are willing to work for long hours at low wages. Employers in some sectors find a difference in the quality of work of students from non-vocational schools versus students from vocational schools, and most of them expressed an interest in establishing partnerships with vocational training centres. In the Beqaa, the sectors identified were construction, electrical supplies, food and beverage, and services. The food and beverage sector is the main source of employment for seasonal workers in this region, a large proportion of which workers are female; it also has the largest number of vocational students. Enterprises expressed a willingness for

partnerships with vocational training programmes as well as training needs in many areas.

In addition to the skill gap assessment studies, the present research has relied in its design and analysis on the National SME Strategy issue by the Ministry of Economy and Trade in 2014. The strategy highlights the main challenges faced by SMEs at the various entrepreneur, enterprise and industry, and national levels. The findings of the present study echo these main challenges, especially those related to the limited readiness of institutionalization, the middle management gap, the mismatch between demand and supply of capabilities, and poor market research. In this respect, the study aligns some of its recommendations with those of the strategy.

METHODOLOGY

The study relied on several quantitative and qualitative data collection tools to gather different types of information, and all findings were validated. This section provides details on the design and implementation of each of these tools, as well as the methods used for the synthesis of the results.

3.1 QUANTITATIVE ANALYSIS: ENTERPRISE SURVEY

Quantitative primary data collection was performed using a sample of 414 enterprises distributed over selected regions of the Beqaa, Metn and in Tripoli city. The aim of the enterprise survey is to discover underlying structures and characteristics of enterprises that would reveal the main challenges and barriers that hamper their growth and development. This would inform providers of business development support (BDS) about the priority services needed and the types of training that are most likely to catalyse growth of these enterprises.

The data was analysed using the Principal Component Analysis (PCA) technique, a mathematical data reduction technique that enables the interpretation of large amounts of data by reorganization into smaller, more meaningful components. PCA transforms a

number of possibly correlated variables into a smaller number of uncorrelated variables called principal components. It is commonly used in the social sciences, market research and other industries that use large datasets.

Questionnaire and field work

The questionnaire was designed to assess the various investments of enterprises, the challenges and opportunities for growth, and their perceptions of success and their expectations for the future. It was divided into several sections: (1) enterprise profile, (2) types of investments, (3) employment, wages and skills, (4) barriers to growth and success factors, (5) competitiveness, (6) business development support needs and (7) expectations for the future.

The questionnaire was translated into Arabic and uploaded to a tablet, from which KoBoToolbox software was used to program the questionnaire and collect the data. The raw data was then analysed using SPSS software.

The fieldwork involved seven data collectors who were selected based on their experience in similar research and their location of residence. Since they are residents of the survey target areas, this enables greater access into the target areas as well as more effective communication with respondents. A training session for the data collectors was held on 15 February 2017. The fieldwork started on 20 February and lasted until 13 March 2017.

Due to the lack of reliable enterprise survey data from which to select a representative random sample, a snowball sampling technique was used for selecting respondents. A list of five enterprises was given to each of the data collectors. Following the selection of a first respondent, data collectors would proceed through asking a respondent to nominate other eligible respondents which they would in turn contact.

Sample size and distribution

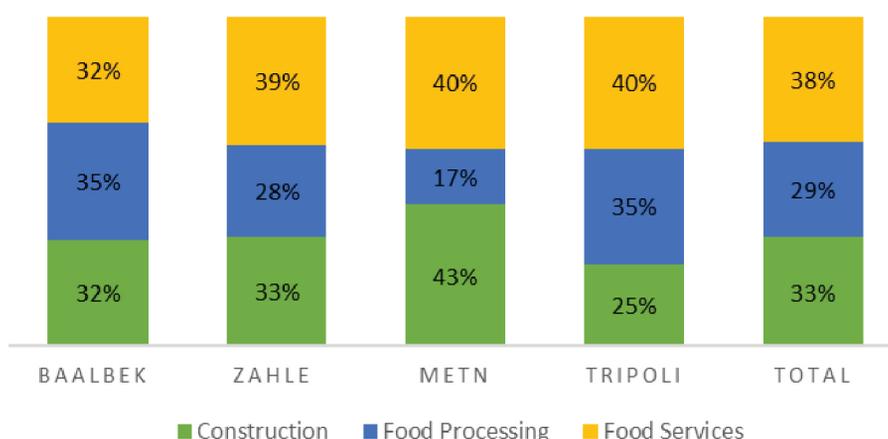
The enterprises survey was based on a sample of 414 enterprises,¹ which ensures statistical representativity at the regional level. The sample is distributed over the four regions of Baalbek, Zahle, Metn and Tripoli, as shown in Table 1.

Table 1: Sample geographic distribution

Location	Sample Size
Baalbek	
Baalbek city	60
Baalbek Caza 1 (Laboue, Fakhha, Ras Baalbek)	6
Baalbek Caza 2 (Douris, Majdeloun, Maqne)	5
Baalbek Caza 3 (Shmoustar, Bednaye)	15
Baalbek Caza 4 (Deir el Ahmar)	10
Total Baalbek Caza	96
Zahle	
Zahle city	58
Zahle Caza 1 (Chtoura, Taanayel, Bar Elias, Anjar, Majdal Anjar)	24
Zahle Caza 2 (Riyak, Tourbol, Kosaya)	17
Zahle Caza 3 (Ferzol, Ablah)	19
Total Zahle Caza	118
Metn	
Burj Hammoud	25
Dekwaneh	18
Jdeideh	21
Baushrieh	21
Sad El Baushrieh	15
Total Metn	100
Tripoli city	100
Grand total	414

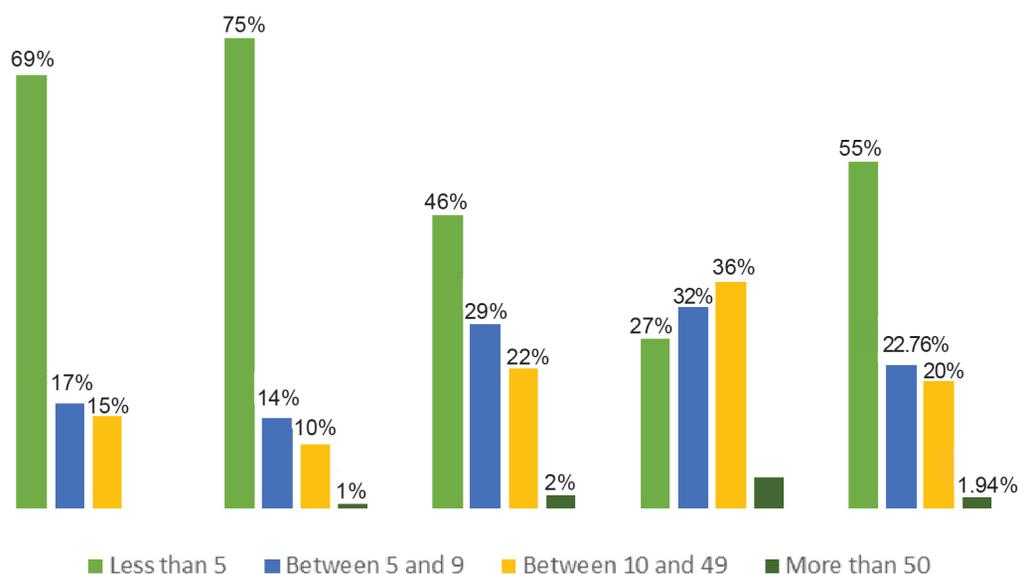
The sample is almost uniformly distributed within the three previously identified economic sectors of construction, food processing and food services, as shown in Figure 1 below.

Figure 1: Sample sectorial distribution



In addition, the sample aimed to interview micro and small enterprises, i.e., not exceeding 50 employees. As shown in the Figure 2 below, 78 percent of the surveyed enterprises employ fewer than 10 individuals, and 55 percent of enterprises employ fewer than five workers, whereas enterprises employing between 10 and 49 workers account for 20 percent of the sample.

Figure 2: Size of enterprises by employees per region



Limitations to the field work

The survey team faced a number of limitations that slowed down the fieldwork. Firstly, the enterprise response rate was lower than expected. Out of 550 eligible enterprises approached, 75 percent consented to be interviewed and completed our questionnaire. The highest rate of non-response was among enterprises in the construction sector in Tripoli. Secondly, interviewed enterprises in the Beqaa refused to use the tablet, so a paper-based version of the questionnaire was used and later transferred to tablets. Lastly, the weather conditions were not favourable during the last days of the fieldwork, as heavy snow in Beqaa and Tripoli slowed down the work of the data collectors.

3.2 QUALITATIVE ANALYSIS: KEY INFORMANT INTERVIEWS AND FOCUS GROUP

Key Informant Interviews

In parallel with the enterprise survey, another qualitative research was conducted, which relied heavily on key informant interviews, to identify through case studies promising subsectors in each of the target regions with high growth potential, but which are not being adequately supported. The identified subsectors are: (1) rural tourism in the Beqaa, (2) health services in Burj Hammoud, and (3) maritime activities in Tripoli. A series of six to eight interviews

were conducted for each subsector with key stakeholders and experts such as government individuals, chamber of commerce, local and international NGOs, and industrialists. Interview guidelines were designed to structure the interviews and allow for possible comparisons between the responses of different interviewees. The interview was divided into several sections, including (1) situation analysis of the sector and its evolution, (2) expectations

for growth, (3) existing and needed workforce, (4) business enabling environment, and (5) impact of the Syrian crisis.

Focus Group

The results of the enterprise survey were shared with key stakeholders and experts at the

national level, and a national focus group was organized to discuss these results and validate the findings and the main conclusions of the research.

4 POLITICAL ECONOMY OF LEBANON'S PRODUCTIVE SECTORS

While many blame the civil war for halting the prosperity of Lebanon, economic dependency and economic and sectarian polarization have always been the central causes of the recurrent problems in the country. While it is true that the civil war imposed great costs,² the systemic problems which caused the war have never really been addressed, and have been compounded in the past couple of decades.

The economic policies of Lebanese government and society since independence have favoured the trade and service sectors and relied on the inflows of foreign capital, while partisan politics and nepotism prevailed, stalling all growth and development, especially in the post-civil war period.

It is a common myth to state that Lebanon enjoyed greater prosperity prior to the civil war. The so-called 'Switzerland of the East' was, in effect, only a small land inhabited by a tiny bourgeoisie that controlled the financial and commercial sectors linked directly to Western capital, concentrated mainly in Beirut. In 1970 9 percent of the active population working in the commercial sector controlled one-third of the national product. The Lebanese countryside plunged into backwardness, the agriculture sector fell behind and rural to urban migration reached intolerable levels.³ On the eve of the civil war, a very large dispossessed population of rural origin (almost one-fifth of the rural population) was desperate to find jobs and

housing in the miserable slums of Beirut. This situation has not changed much today, in fact, it might have even worsened.

Crystallized by misconceptions, the debate on economic development and reform in Lebanon is still characterized by the lack of a long-term vision and proper economic and social planning, which has particularly affected the primary productive sectors in the economy, namely agriculture and industry.

A dependent economy

Lebanon is a small, dependent economy, built on a quasi-complete consumerist system in which imports constitute almost 80 percent of consumed products, and reliance on financial inflows reached more than 50 percent of GDP in 2016 (including remittances and foreign investments).⁴ Remittances from migrants contribute significantly to finance domestic consumption.⁵ With petrodollars and remittance income from emigrants increasingly available, Lebanon became extremely reliant on this abundant source of capital. Dependency is also manifest in the economic relationships among various groups within the country: civil servants depend on government salaries and pensions; the state relies on funding from local banks to finance its oversized and inefficient public sector; and local banks balance their accounts by relying on constant foreign inflows of capital.

This has created a system of economic networks that is highly fragile and subject to volatility. The dependency of the Lebanese economy on foreign capital has led to profound abnormalities in the local economy, with severe implications for development policy. While it was essential to rebuild infrastructure after the war, the choice made by all groups in society (not only the government) was to focus resources on developing the services sector. The banking, real estate and tourism sectors all rely on foreign transfers. In parallel, society is primarily consumption-based, with little saving, and most families and enterprises operating in debt.

The agriculture and industrial sectors have been falling into backwardness, and dependency even impacted educational curricula, which became geared towards training individuals to work in the dependent services sectors.

With overreliance on incoming financial flows, the system has created monopolies around these sources of economic activity. Powerful lobbies have formed around flows into Lebanon: if you can control the pipelines of commodity, monetary and human flows to the country, than you have the true economic and political power. Proof of this hegemony is apparent in the corruption and nepotism in the customs administration; the concentration of sole dealership privileges in the dealership and distribution sectors; the refusal of the big banking lobby to invest sufficiently in the local economy; and the powerful lobbies that exist in petroleum imports and construction. At least half of the markets in Lebanon (with over 40 percent of the total turnover) may be considered to have monopolistic or oligopolistic structures.⁶

Even at the community level, the balance of power is concentrated in the groups that control economic flows into and out of the community.

Recent evidence, for instance, in the banking sector shows that as many as 18 of the 20 banks have major shareholders linked to political elites, and 43 percent of assets in the sector could

be attributed to political control.⁷ Political and religious leaders of nearly all communities excel in maintaining and strengthening a dependent relationship with their followers, denying them significant development opportunities that would otherwise undermine the leaders' authority.

Victim of the 'Dutch disease' trap

Lebanon's post-war economic recession is in sharp contrast with a boom in the activity of non-tradable sectors (real estate, services and especially banking). Bank deposits increased from 180 percent of GDP in 1992 to 350 percent of GDP in 2014. Real estate transactions constituted a sizeable 15 percent of GDP in 2015.

This boom in the non-tradable sectors is the main reason behind the loss of competitiveness and the slow growth of the Lebanese economy, especially in the agricultural and industrial sectors. This argument relates essentially to a 'Dutch Disease' phenomenon: the large financial resources flowing to the Lebanese economy have benefited large investments in the real estate sector, raising the price of land and construction and thus affecting the cost of manufacturing. Given high production costs, exports become less competitive, and

the economy stagnates. Financial markets

play a similar role: a growing demand on high-yielding deposits and government bonds leads to a sustained high interest rate, making credit for investment activities very costly. The Lebanese economy has thus turned into a typical rentier economy, where a substantial amount of resources is invested in non-tradable sectors yielding secure rents and very

limited productivity gains. Agricultural and

manufacturing value added as a share of GDP have decreased by 3 percent annually over the period 2011–1993, while the value added of the services sector has increased by 1 percent on

an annual basis, reaching more than 80 percent in 2011. Historical evidence clearly indicates that this type of model is not sustainable for achieving economic growth and better living standards. Rather than getting richer, economies that live off non-productive rent tend to stagnate and lose their competitive edge⁸.

A POLARIZED ECONOMY: INEQUALITY AND SECTARIANISM

Income inequality is high in Lebanon. Figures for 1999 showed that 10 percent of families controlled 35 percent of incomes. By 2015, less than 1 percent of households in Lebanon controlled almost 50 percent of the wealth.⁹ Wealth disparities in savings levels prevail in a more blatant manner. 1997 figures show that 2 percent of bank accounts control 59 percent of total deposits, while 61 percent of the total number of accounts hold only 2 percent of the total wealth. By 2015, less than 1 percent of account holders (about 16,000 accounts) controlled 50 percent of total deposits in the banking sector.

Lebanon is still divided across sectarian cleavages and many Lebanese citizens identify themselves more with their sect than with the country as a whole. The electoral law, civil status, public budget allocation and almost all public appointments are based on sectarian allegiance. Inequality across geographic regions has also created an intra-sectarian divide between rich individuals of a confession and poorer ones, mostly living in rural deprived areas.

The combination of inequality and sectarianism has created the worst type of polarized societies. Polarization is a recipe for under-development. International evidence has showed that higher inequality in income or land is associated with lower growth.¹⁰ More unequal societies are likely to be less democratic and to have less civil liberty, with low human development. This is commonly associated with a ruling elite that votes on a very limited supply of common public service (like mass schooling, public transport and social welfare), in favour of partisan politics. This situation is particularly common in Lebanon, resulting in the worsening of living conditions for the majority of the population.

5 ON THE INFORMALITY OF ENTERPRISES AND LABOUR IN LEBANON

5.1 ESTABLISHING AND REGISTERING AN ENTERPRISE IN LEBANON

According to the 'Doing Business' project conducted by the World Bank in 2016, it takes around 15 days, and performing eight different procedures, to establish and register a commercial or industrial firm in Lebanon with the standard legal form of a limited liability company (SARL). The minimum paid-in capital requirement is LBP 5,000,000. Registering the company at the Commercial Register costs around LBR 1,400,000, made up of company registration fees, stamp duty and notarization of the articles of association if the paid-in capital is the minimum required amount. In addition, the company should retain and pay an attorney on an annual basis, which the Beirut Bar Association has set at LBR 9,000,000, with start-up fees of LBP 3,000,000. The table below summarizes the steps needed to register a company.

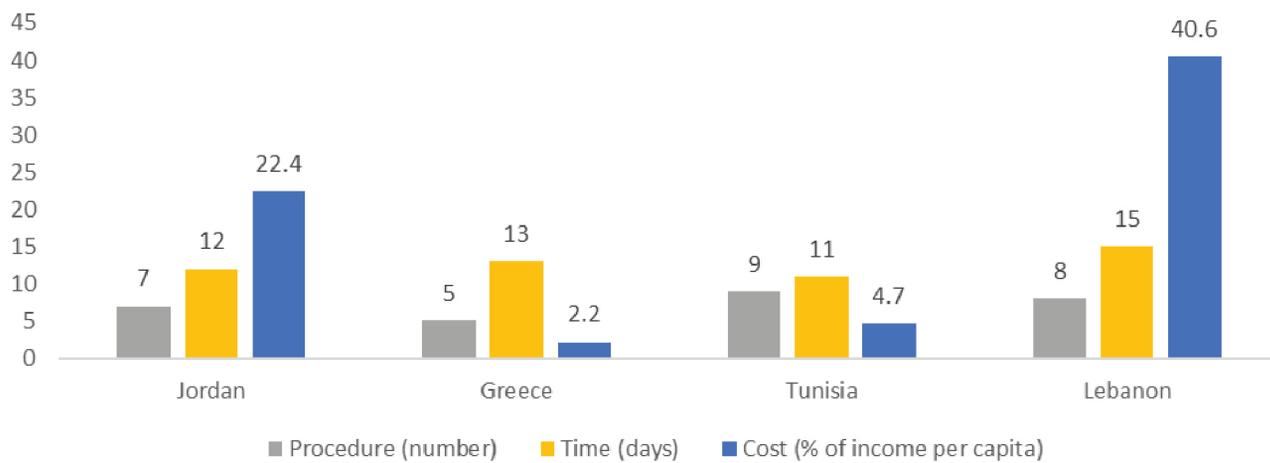
Table 2: Steps needed to register a SARL company in Lebanon

	Step	Time to complete	Cost
1	Designate a Lebanese lawyer	1 day	LBP 3,000,000
2	Deposit the capital in a bank	2 days	
3	Register at Company Registry	2 days	
4	Notify Ministry of Finance of commencement of business operations	2 days	~ LBP 1,400,000 (if pain in capital is LBP 5mil)
5	Register at National Social Security Fund (NSSF)	1 day	
6	File internal labour regulations at Ministry of Labour	1 day	
7	Register for VAT	7 to 10 days	
8	Obtain a company seal	1 day (with above procedure)	LBP 35,000 – 20,000

Source: World Bank, *Doing Business in Lebanon*. Available at: <http://www.doingbusiness.org/data/exploreconomies/lebanon#starting-a-business>

The high costs involved in the commercial registration of firms is one reason for the spread of informal enterprises in the country. Figure 3 below presents a comparison between Lebanon, Jordan, Greece and Tunisia, showing that, although it takes approximately the same time to establish a firm in all of these countries, and requires a similar number of procedures (with the exception of Greece with only five procedures), it is much more costly in Lebanon than in the other countries. In fact, the Middle East and North Africa (MENA) average cost for establishing a business is 11.2 percent of the average income per capita, while it is 40.6 percent in Lebanon.

Figure 3: Number of procedures, days and costs required for registering a company in Lebanon, Jordan, Greece and Tunisia



Information on the number of registered MSMEs in Lebanon is scarce because there are no official statistics on informal enterprises. The size of the sector is additionally difficult to measure because it is present across different sectors and sizes of enterprise. The World Bank estimates the level of informality to be 36.4 percent of GDP. In the labour force, 66.9 percent of employees do not contribute to any social security system.¹¹

A 2006 study by the ERF on SMEs in Lebanon reveals that around half of the surveyed micro and small enterprises are not commercially enrolled, with female-owned enterprises showing lower registration levels, and industrial enterprises having higher registration levels.

The study showed that as enterprises grow and expand, they have a higher tendency to legalize their commercial status.

5.2 TAX PAYMENTS OF A FORMAL ENTERPRISE IN LEBANON

Tax (income and VAT) registration is another level of formality through which firms enter into a more systemized relation with the government. Table 3 below shows the various taxes that registered firms have to pay. Audit on corporate income tax is unlikely, so many firms do not report profits.

Firms with turnover below 100,000 USD quarterly are exempt from VAT registration.

Table 3: Required taxes and their rates

	Tax W	Tax rate and base	Number of payments/year
1	Corporate income tax	15 percent of taxable profit	1
2	Social security contribution	23.5 percent of gross salaries	12
3	Capital gain tax	10 percent of capital gains	–
4	Municipality tax	8.5 percent of property value	1
5	VAT	10 percent of value added	4
6	Vehicle tax	Various rates	1
7	Stamp duty	0.3 percent of contract value	1

One of the leading causes for the spread of informal labour in Lebanon is the National Social Security Fund (NSSF) tax level and regulations surrounding it. For small enterprises, the high level of tax, which corresponds to a high cost of labour, significantly reduces the incentive to create formal jobs. The World Bank (2010) assesses the high tax wedge,¹² estimated at 26 percent in Lebanon, which encourages micro and small firms with low productivity to use informal routes to hire labour. The analysis stresses that this is not necessarily due to intentions of tax evasion on the part of the MSMEs, but the fact that they cannot afford to pay the tax. In corroboration, the high cost of labour was raised in the field survey as one of the main barriers to growth and expansion.

Furthermore, the structure of the end-of-service-indemnity (EOSI) that is managed by the NSSF discourages SMEs from formalizing their employees' status.

5.3 CHARACTERISTICS OF THE INFORMAL LABOUR MARKET

As discussed above, perhaps the greatest challenges for informal enterprises relate to the informal workers that they hire. Informality of labour in Lebanon is defined at the absence of explicit and registered work contracts and/or the absence of social security coverage for workers on the job.

According to a World Bank 2010 employer-employee survey, 19 percent of workers in Lebanon are informally employed. Another 36 percent are self-employed, but the majority of them are unskilled-workers earning low wages, and thus have limited access to formal health insurance.

Along the same lines, a study by the Arab NGO Network for Development (ANND) on the

The EOSI is essentially a lump-sum amount that is paid upon retirement of an employee who has contributed to the NSSF. The NSSF fund covers part of this payment and the employer covers another part. The amount that firms pay for EOSI can reach 40 percent of the accrued benefits, and they are responsible for severance pay.

This leads firms to either rely on short-term contracts, or to hire informally.

Overall, employers argue that labour regulations represent a barrier to hiring new workers. A survey of enterprises conducted by the World Bank Miles project in 2015 reveals that the vast majority of interviewed enterprises (95 percent) suggested that they would hire more people if the current regulations did not exist. In order for the new law to foster a more dynamic labour market, it should be flexible in terms of hiring and firing procedures, provided it preserves the rights of workers with regard to working hours, leave, and health and safety.¹³

Informality of labour shows that around 59 percent of Lebanese workers, 95 percent of Palestinian workers, 99 percent of Syrian workers and 90 percent of other foreign workers constitute informal labour, comprising altogether 73 percent of all working individuals in the country.¹⁴

Around 40 percent of informal workers report that they would like to change their jobs, but that the main obstacle is not access to the benefits offered by the formal sector, but rather the higher expected earnings of the informal sector.

Policies that increase earnings of informal workers should note the fact that they could be promoting informality (World Bank 2010).

INFORMALITY OF SYRIAN REFUGEE LABOUR: EVIDENCE FROM THE MAPPING OF LIVING CONDITIONS OF UNHCR REFUGEES IN LEBANON

Informal Syrian labour is not a phenomenon produced by the Syrian crisis, but dates back to the 1940s following the countries' independence from the French mandate. Low-income Syrians seeking informal, unskilled jobs were encouraged to work in Lebanon, given that both cultures are very similar. In 4–1993, an open border policy was adopted through bilateral agreements allowing Syrians to obtain a six-month residency or visa renewable at USD 200.

Syrians were required to obtain a work permit, but only a very small number could afford to do so. Of those who applied, only a small number were accepted, since the Lebanese government adopts the principle of preference of nationals. Therefore, the attempt to organize the labour market actually allowed more informality and illegality.

In 2011, the Syrian crisis exacerbated an already struggling economic and labour market situation in Lebanon. According to the International Labour Organization (ILO), there was a yearly average of 44,000 new entrants to the labour force during the period 10–2006. The Syrian Crisis increased these incomers to the labour force to an annual 110,000 between 2011 and 2015. This has increased the rate of growth of the labour force to around 5 percent per year over the entire period. Given its structural weaknesses and governance challenges, the Lebanese economy cannot create enough jobs to meet this increasing supply of labour (ANND Study, 2016). As a result, in October 2014, the Lebanese government imposed restrictions on Syrians, yet this led to further increases in informality among the Syrian refugees. In fact, the living conditions survey of UNHCR-registered refugees in Lebanon conducted by the American University of Beirut and UNHCR in 2012 shows that only 8.4 percent of UNHCR-registered refugees have a work permit. The vast majority of UNHCR refugees have stable jobs, and very few work two or more jobs. 91 percent of employed refugees are full-time employees and 70 percent receive regular monthly wages. However, their biggest problem remains their illegal working status. Women are significantly less likely than men to work legally, but they are also less likely to fear arrest.

The study also shows that the majority of UNHCR refugees are workers in large companies, 34.1 percent are workers in small companies and 3.8 percent are employers themselves. UNHCR refugees are banned from working in skilled syndicated occupations. Around half of these refugees work in the service sector, in restaurants, the retail industry, and as building caretakers, while one-third operate in elementary occupations including construction and cleaning. Consequently, we can expect to encounter significantly more informal labour in these sectors.

6 RESPONDENT AND ENTERPRISE PROFILES

This section highlights the main characteristics of the survey respondents and the general profile of enterprises in terms of their size, year of establishment, and sales and distribution channels. It also reviews the perceptions of enterprises regarding their position in the market, as well as their degree of success.

6.1 SURVEY RESPONDENTS

The clear majority of survey respondents are males (84 percent).

The low share of female respondents (16 percent) reflects, to a certain extent, the low activity rates of females in Lebanon, which stands at 23 percent according to the latest 2009 Central Administration of Statistics (CAS) Survey.¹⁵ In Baalbek, only 7 percent of respondents are female, the lowest proportion of women respondents across the four regions, which reaches 20 percent in Metn, the highest proportion.

The majority of survey respondents are enterprise owners or partners (70 percent).

This respondent profile ensures more reliability in the data, as it allows the collection of more precise answers to the detailed questionnaire pertaining to the different aspects of the enterprise. It is noteworthy that only 10 percent of owners/partners are female (see Figure 4).

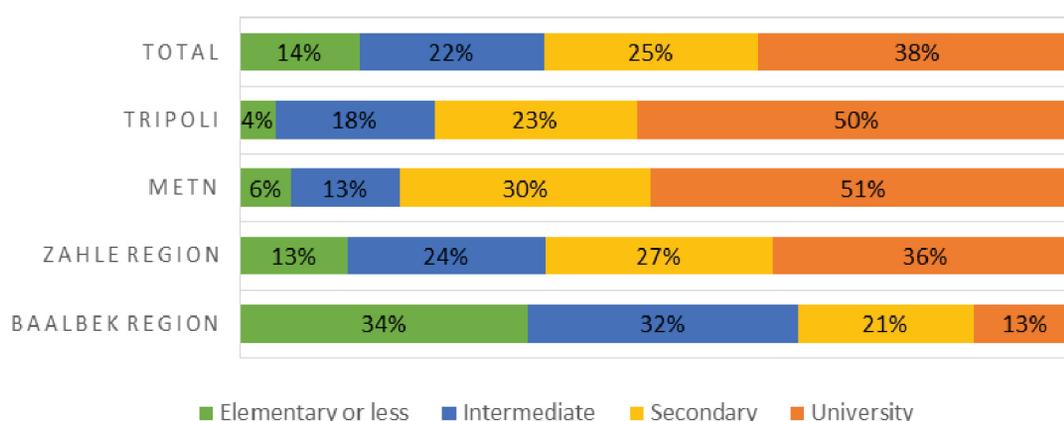
Figure 4: Position of respondents by gender



The majority of respondents (61 percent) have only secondary education or less.

Figure 5 below shows the levels of education attained by the respondents. Overall, university graduates constitute 38 percent of respondents, and those with elementary level education or lower form 14 percent of the respondents. The majority of Tripoli and Metn respondents hold a university degree, while the lowest levels of education are witnessed in the Baalbek region, with more than one-third of respondents having an elementary education at most.

Figure 5: Respondents by region and educational attainment



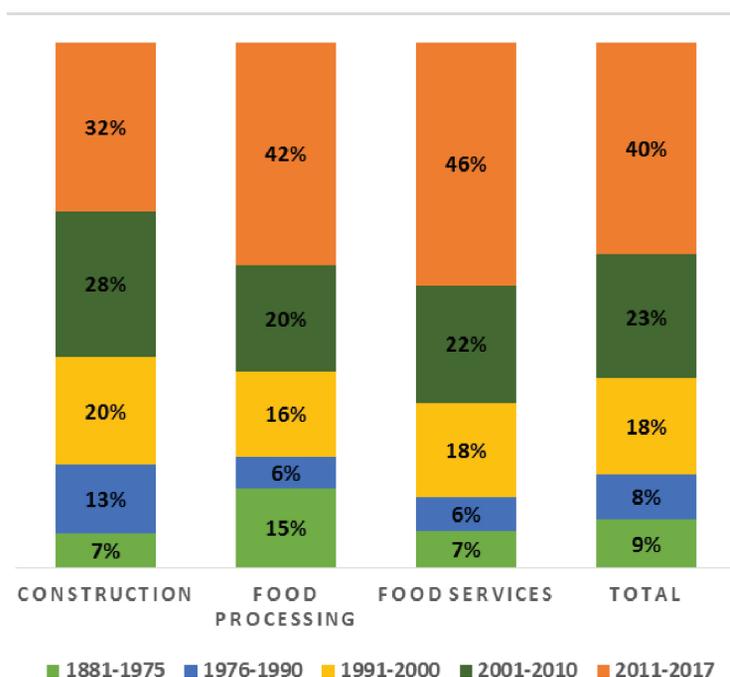
6.2 PROFILE OF ENTERPRISES

Young establishments constitute 40 percent of surveyed enterprises.

The sectors of food services and food processing have flourished in the past six years, with 46 percent and 42 percent respectively established after 2010, as shown in Figure 6. Conversely, the number of construction enterprises witnessed a relatively limited increase during the same time period.

Baalbek and Zahle regions have the highest share of enterprises employing fewer than 5 individuals.

Figure 6: Enterprises by year of establishment



According to the National SME Strategy (2014), around 73 percent of enterprises in Lebanon employ up to 10 workers. These businesses usually perform repetitive functions rather than engaging in vertical or horizontal integration.¹⁶

Looking at the different regions, the Beqaa regions have the lowest average number of employees. Tripoli, by contrast, is characterized by a relatively large number of enterprises with more than 10 employees.

Table 4 below summarizes the size of enterprise by sector. The food processing sector has the largest number of micro enterprises that employ fewer than 10 employees. Food services are the largest enterprises when compared to the other sectors.

Table 4: Size of enterprises by sector

Employees	Construction	Food processing	Food services	Total
Fewer than 5	58%	62%	46%	55%
Between 5 and 9	18%	24%	26%	23%
Between 10 and 49	21%	13%	25%	20%
More than 50	2%	2%	2%	2%

The construction sector has the highest annual turnover among the three sectors of the study.

While the number of food services-related enterprises is rapidly increasing, as described above, the food services sector has by far the lowest annual turnover across the different regions of the study. These results reflect the long-standing fact that the jobs that

the Lebanese economy has produced are concentrated in low productivity activities which include transportation, real estate, accommodation and food services activities.¹⁷

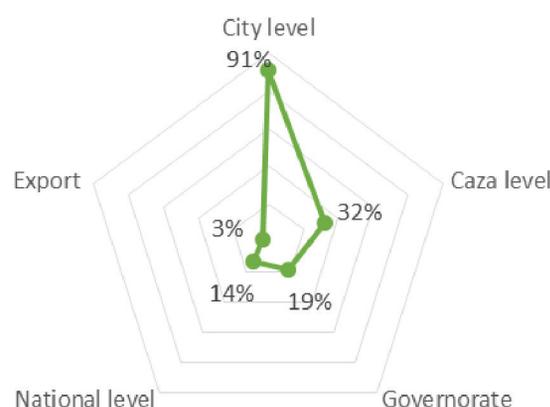
Table 5: Average estimated annual turnover by sector and region in USD

	Construction	Food processing	Food services
Zahle	27,742	17,998	25,789
Metn	424,000	83,200	56,000
Tripoli	800,000	353,000	10,000
Average	417,247	151,399	30,596

Results show that more than 90 percent of sales are concentrated at the lowest level.

The sales of the three sectors of construction, food processing and food services are mostly concentrated at the city level with, respectively, 87 percent, 92 percent, and 94 percent of sales being made in the city. Sales decrease whenever the catchment area widens, falling significantly to 32 percent in the Caza, 19 percent in the governorate, 14 percent across the country and only 3 percent in export. This trend is almost identical across the sectors and regions of the study.

Figure 7: Sales catchment areas of the targeted sectors



Metn region slightly stands apart, with 20 percent of sales at the national level. In fact, construction and food processing sales in Metn have a wider reach. A significant proportion of construction sales in Metn (40 percent) reach the national level, which is the highest for this sector among regions, followed by Tripoli, where 28 percent of construction sales are made at the national level. Almost 30 percent of food processing sales in Metn and 14 percent

in Tripoli reach the national level. Conversely, food processing sales of the Beqaa region are non-existent at the national level. This is attributed to the fact that the survey sample is focused around micro and small enterprises and does not assess large investments in the agro-food sector, which are the main exporters in this sector. The small producers are mostly bakeries, sweets and dairy producers, who sell their output locally.

Figure 8: Sales of construction in Metn

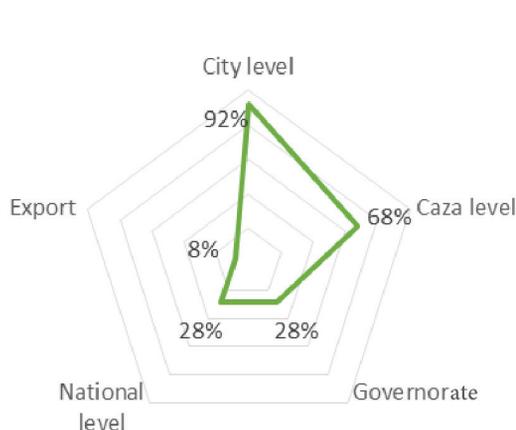
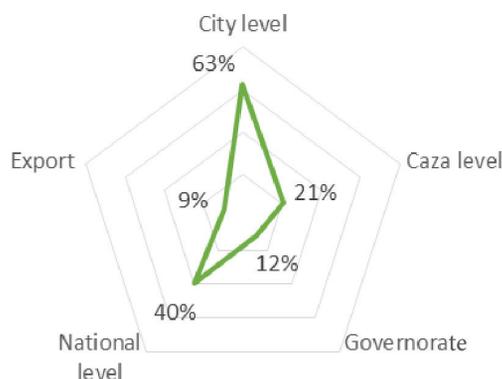


Figure 9: Sales of construction in Tripoli



Distribution relies solely on direct channels without the resort to intermediary companies.

More than 90 percent of services across sectors and regions are delivered through direct channels. Only 2 percent resort to intermediary companies, while 6 percent use both abovementioned channels.

There are no major differences between sectors or regions. This relates to the fact that MSMEs are not yet linked to more developed value chains which are governed by larger enterprises, and tend to cater directly to their customers.

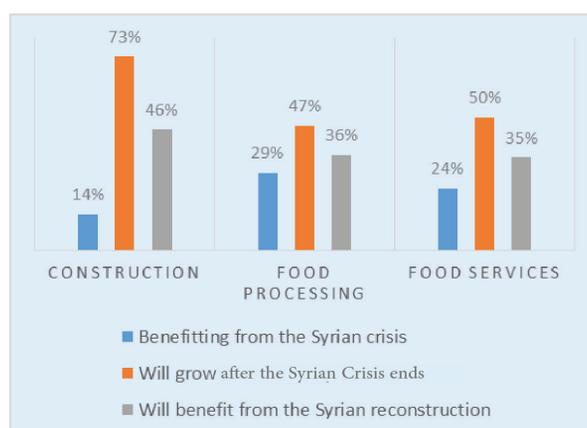
IMPACT OF THE SYRIAN CRISIS

Only 22 percent of enterprises are currently reported to benefit from the Syrian crisis, and these are observed mostly in the food sector. Studies of this sector in particular have concluded that rural, food-producing areas have therefore been resilient to the Syrian crisis and that the agricultural sectors have contributed to securing a significant number of refugee livelihoods, and sustaining the incomes of host communities.¹⁸ However, it appears that communities are being increasingly affected by the needs of refugees, especially with increased competition over jobs and the establishment of competing Syrian-owned businesses.

The majority (57 percent) believe that the end of the Syrian crisis will have a positive impact on business growth, expectedly benefiting the construction sector the most. In fact, almost all construction enterprises in the Metn perceive a positive impact at the end of the Syrian conflict, while Tripoli construction enterprises do not share this positive outlook.

40 percent of respondents expect a positive impact of the eventual reconstruction of Syria, with more than 70 percent of Metn enterprises expecting positive outcomes at the end of the crisis as reconstruction takes effect. Interestingly, the construction sector does not expect to benefit as much from the Syrian reconstruction, so most likely MSMEs see that larger firms will move to work mainly in Syria and free up the local market for smaller companies such as themselves.

Figure 10: Impact of the Syrian crisis on all sectors



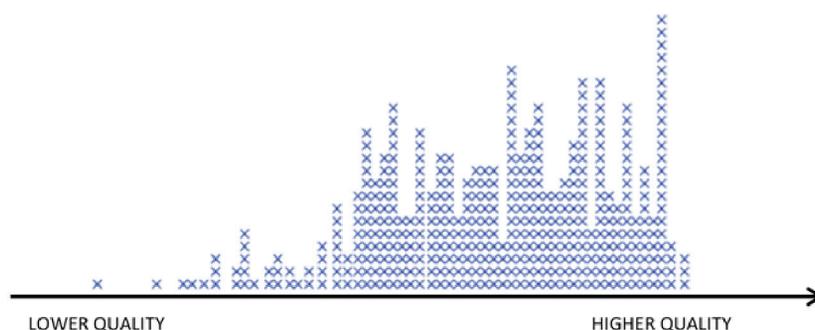
6.3 PERCEPTIONS OF COMPETITIVENESS

Overall, businesses of the various sectors in the different regions have generally positive perceptions regarding their competitive position in their markets.

Figure 11 below shows the self-assessment of respondents regarding the quality of their products. 20 percent of respondents believe the quality of their goods is below average, and about 10 percent see it as average compared to their competitors in the market. Therefore, the majority of enterprises do not see the quality of their products as an area that they need to develop in order to sustain or expand

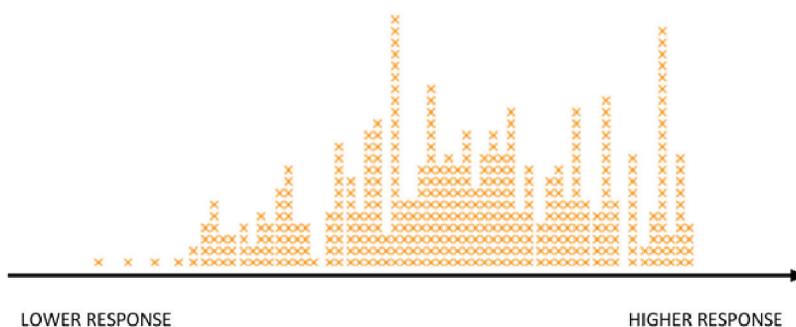
their presence in the market. This is probably related to the fact that most enterprises do not sell beyond the Caza level, and the target market does not exert demand pressure for higher quality output, such as adherence to specific standards, especially for food processing products. Should these producers consider becoming exporters, the quality of their products would be a severe hindrance to their ability to export. Furthermore, focus group participants noted that micro enterprises may not have an adequate overview of the market, so they cannot compare their performance to other enterprises and thus consider that they are performing well.

Figure 11: Self-perception of enterprises' product quality compared to that of competitors



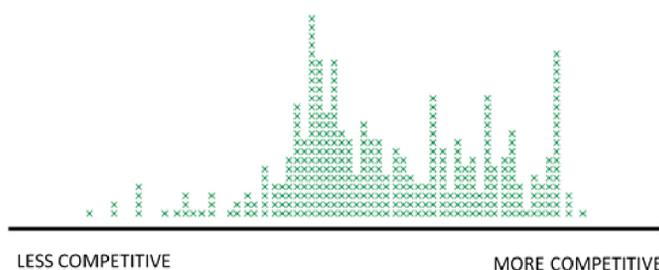
Similarly to perceptions of quality, a significant 30 percent of enterprises regard their response to customer needs as worse than average, and around 10 percent see it as average. The remaining 60 percent position themselves as providers of adequate response to their customers' needs (see Figure 12).

Figure 12: Self-perception of enterprises' response to customer needs compared to their competitors



A slightly higher share of enterprises, 37 percent, place the price of their products as higher than the market average (less competitive), and around 12 percent see their prices as average, i.e., equal to the average market price (Figure 13). The remaining 51 percent suggest that the prices of their products are lower than the market average. This could be a reflection of the high cost of production that MSMEs face compared to larger competing enterprises that benefit from economies of scale. Interventions to increase the efficiency of production and labour productivity would be a welcome step for many producers.

Figure 13: Self-perception of enterprises' price competitiveness compared to their competitors

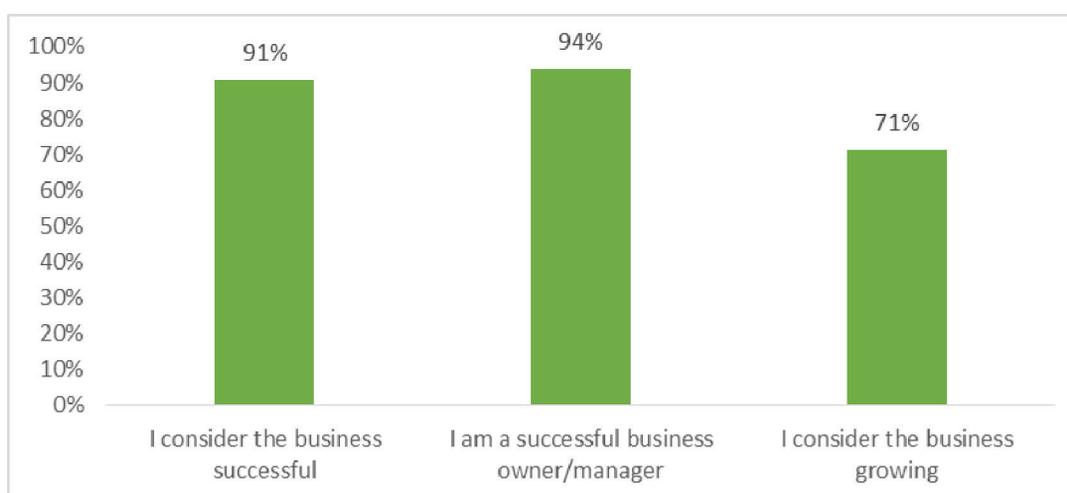


6.4 SUCCESS FACTORS

Survey respondents highlight personnel attributes as the main contributors to success.

Overall, respondents consider themselves and their businesses as relatively successful, but some have doubts about the growth of their business (see Figure 14 below).

Figure 14: Percentage of respondents agreeing to statements about their enterprise success



All respondents refer to good customer service, a reputation for honesty and hard work as key factors in determining an enterprise's success.

Conversely, political involvement ranks at the low end of the spectrum. This ranking is similar across regions and sectors, as shown in Table 6 below. Looking at the different regions, respondents in Metn identify a quality product at a good price as one of the most important factors of success. Respondents in the Beqaa also mention capital- and product-related attributes as important for success. Conversely, respondents in Tripoli do not mention any financial or product-related factors as the most important for success, but rather place the biggest weight on the personal entrepreneurial skills of the business owners/managers.

Table 6: Top 5 factors of success by region

Region	Top five factors of success
Zahle	Charisma/friendliness
	Access to capital
	Good customer service
	Good product at competitive price
	Hard work
Metn	Good management skills
	Good product at competitive price
	Hard work
	Reputation of honesty
	Good customer service
Tripoli	Reputation of honesty
	Good customer service
	Hard work
	Charisma/friendliness
	Social skills

7 EMPLOYMENT AND SKILLS

This section highlights the main features of employees working in the construction, food processing and food service sectors, and discusses aspects of their skills and training. It also provides information on the average wages of employees in each region.

7.1 CHARACTERISTICS OF EMPLOYEES

The low share of female employees is predominant across sectors.

Respondents were asked to gender distribute the employees of the enterprise in question.

Results showed that only 16 percent of the employees of the surveyed enterprises are female, which is in line with the low female activity rate at the national level. There are no major differences across sectors.

Results show a young workforce across sectors.

Of the surveyed enterprises, 66 percent of employees are below the age of 35. This figure is higher than national average percentage of employees constituted by this age group, which is around 42 percent according to the Central Administration of Statistics¹⁹

Syrian nationals constitute one-third of the workforce, with concentration in the food services sector.

28 percent of total employees of the surveyed enterprises are Syrian nationals. In fact, the World Bank estimated that in 2014, Syrian refugees will constitute 27 to 35 percent of the Lebanese labour force.²⁰ A regional comparison shows a higher concentration in Zahle, where half of the workforce is composed of Syrian workers (Figure 16).

Figure 15: Distribution of workforce by age and sector

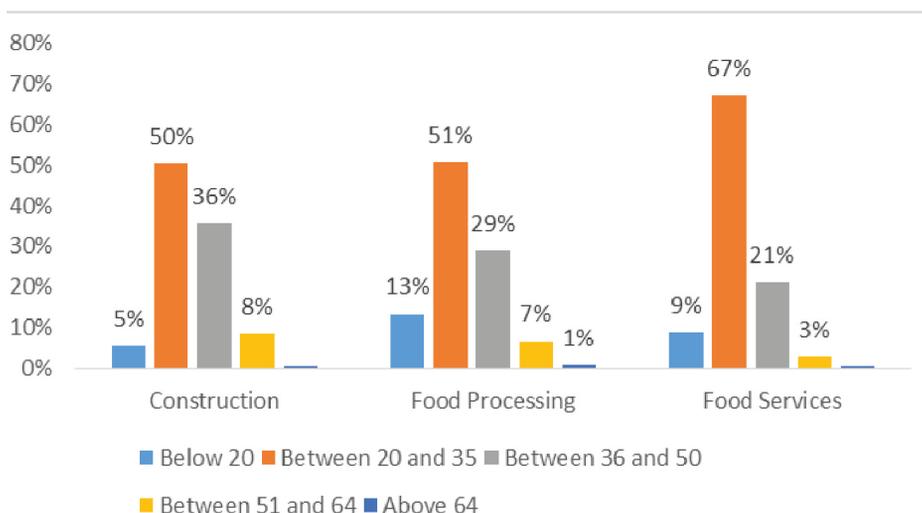
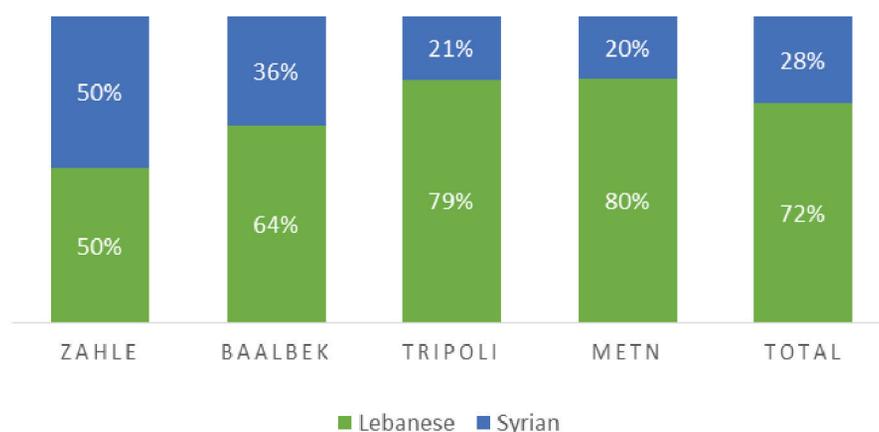
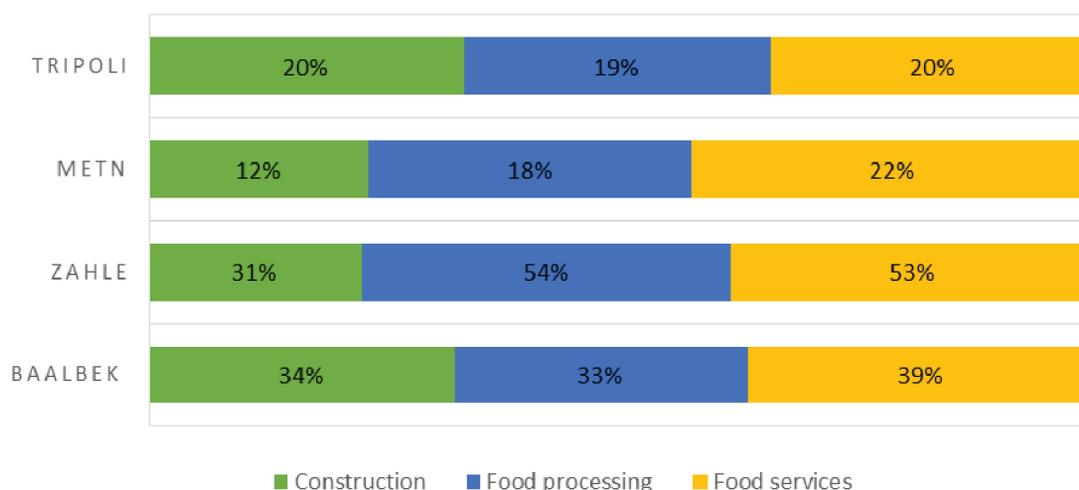


Figure 16: Workforce nationality per region



A sectorial comparison shows a Syrian workforce concentrated in the food services sector (33 percent), compared to 28 percent in food processing and 23 percent in construction. The breakdown by region is shown in Figure 17 below.

Figure 17: Share of Syrian workforce per region and sector



7.2 SKILLS AND TRAINING

The majority of enterprises have not employed skilled workers within the past two years; of those that did, they are mostly for production-related rather than managerial positions.

When asked about the skills of employees, only 26 percent of respondents reported to have hired at least one skilled worker in the past two years.

Results show that the food services sector has the highest percentage of recently hired skilled workers: 34 percent of enterprises in this sector have hired skilled workers as opposed to only 23 percent of construction and 20 percent of food processing establishments. Results show that almost half of skilled workers (47 percent) were hired to work in production roles (58 percent of hires in the food services sector, 45 percent of construction and 43 percent of food services new hires), rather than those related to managerial, marketing or strategic planning

aspects of the enterprise's work. In fact, management positions seem to be stagnant, since only 8 percent of new skilled workers were hired to fill management positions.

Training of workers is predominantly internal, while specialized external training is scarce.

While 59 percent of respondents reported that workers' training exists, only 8 percent of those enterprises admitted the opportunity of specialized training offered by external agencies.

A sectorial comparison shows that training is widespread among food services enterprises: 71 percent of food services establishments reported that they invest in improving the skills of their employees. However, such training is mostly on-the-job mentoring, which highlights the need for more organized and structured training for food service staff who clearly see the need for it.

Respondents across all sectors identify skills related to product quality, customer relations and solving sales problems as the most important skills.

When asked about the importance of various skill sets, almost all surveyed respondents

underlined the importance of skills related to product design and quality, maintaining good customer relations, and assessing sales problems skills (see Table 7 below). Conversely, only 43 percent of respondents highlighted the importance of cooperation between businesses in the same industry. Sectorial disaggregation shows that only 59 percent in the construction sector believe in the importance of inter-enterprise cooperation, a figure that falls to 38 percent in food services, and only 29 percent in food processing.

Core responsibilities are centralized under the responsibility of owners across all sectors.

Table 7 below also shows which respondents report as responsible for performing the tasks that require the skills identified. Survey results show that in more than 60 percent of enterprises, owners are in charge of all the core managerial tasks, including: product design and quality (74 percent), planning and budgeting (74 percent), adaptation in the environment (70 percent), and assessing sales problems (69 percent). In fact, the national SME strategy highlights what it calls 'The Everlasting Owner Manager' as one of the entrepreneur-level challenges that need to be dealt with through propagating a different business culture among MSMEs.

Figure 18: Share of enterprises offering workers' training

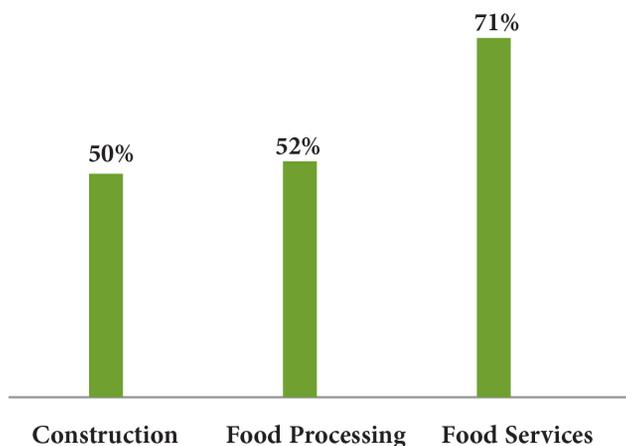


Table 7: Rating the importance of skills/tasks and the person performing them in the enterprise

Positions	Percentage who find the skill important	Task performed by:				
		Owner	Manager	Family member	Specialized employee	No one
Focusing on design and quality of the product	%99	%74	%13	%5	%8	%0
Maintaining good customer relations	%99	%62	%22	%6	%10	%1
Assessing sales problems	%97	%70	%20	%5	%4	%1
Planning and budgeting	%92	%77	%16	%9	%7	%2
Marketing skills	%86	%63	%19	%6	%10	%2
Attracting and keeping competent employees	%85	%66	%24	%6	%3	%1
Delegating responsibilities to employees	%80	%73	%22	%4	%1	%1
Management expertise skills	%80	%69	%23	%4	%3	%2
Working together with other businesses in the same industry	%43	%62	%21	%4	%2	%10

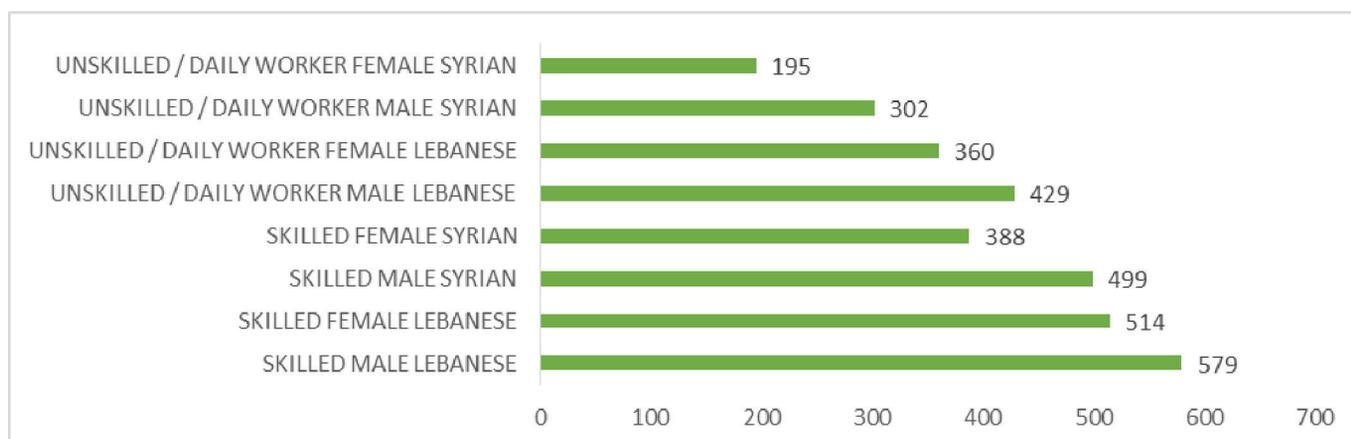
7.3 AVERAGE WAGES

Wages are characterized by discrepancies across gender, nationality, and skill level.²¹

As expected, women were found to earn systematically less than men in all categories of skills. Among Lebanese skilled workers, males earn slightly more than women, as shown in Figure 19 below (USD 579 versus USD 514). Similar gender inequalities exist within the unskilled category.

Similarly, skilled Syrian males earn 1.28 times more than females of the same category. The wage difference between Lebanese and Syrian nationals is significant, with skilled Lebanese earning 1.16 more than Syrian nationals in the same category. Among unskilled workers, Syrian females earn the least.

Figure 19: Average monthly wages by category of skills (USD)



In terms of sector differences, results show that wages are almost systematically higher across all skills categories in the food services sector, followed by construction and food processing (Figure 20).

Figure 20: Average monthly wages by gender and sector (USD)



Table 8 below shows the distribution of average monthly wages by region. Wages are higher in the Metn region across all the category of workers. On average, wages are the lowest in Tripoli, except for Syrian females (both skilled and unskilled), who have the lowest wages in Baalbek.

Table 8: Average monthly wages by region in USD

Region	Nationality	Gender	Skilled	Unskilled
Baalbek	Lebanese	Male	628	424
		Female	560	341
	Syrian	Male	462	314
		Female	361	234
Zahle	Lebanese	Male	770	427
		Female	655	352
	Syrian	Male	515	276
		Female	404	220
Metn	Lebanese	Male	798	557
		Female	746	553
	Syrian	Male	594	443
		Female	566	450
Tripoli	Lebanese	Male	537	343
		Female	524	329
	Syrian	Male	394	260
		Female	379	251

8 REGIONAL DASHBOARDS

BAALBEK ENTERPRISES			
WHO RUNS ENTERPRISES IN BAALBEK?			
	Construction	Food Processing	Food Services
% female owners or managers	0%	9%	6%
% respondents with university degree	16%	5%	16%
Average share of family members working in the enterprise	30%	36%	32%
WHO WORKS IN ENTERPRISES IN BAALBEK?			
	Construction	Food Processing	Food Services
Average size of enterprise	5.3	4.0	5.2
% Syrian employees	34%	33%	39%
% enterprises who have recently hired a skilled worker	29%	21%	42%
WHAT DO ENTERPRISES IN BAALBEK INVEST IN?			
	Construction	Food Processing	Food Services
% enterprises who have invested in equipment	9%	8%	41%
% enterprises who have invested in expansion	19%	9%	26%
% enterprises who have invested in technology	3%	3%	6%
% enterprises who have invested in specialized external employee training	0%	11%	4%
HOW DO ENTERPRISES IN BAALBEK SEE THE FUTURE?			
	Construction	Food Processing	Food Services
% enterprises who expect positive growth in the future	87%	97%	97%
% enterprises who are benefitting from the Syrian crisis	16%	29%	23%
% enterprises who expect to grow after the end of Syrian crisis	61%	64%	61%
% enterprises who will benefit from reconstruction	55%	35%	42%

ZAHLE ENTERPRISES

WHO RUNS ENTERPRISES IN ZAHLE?

	Construction	Food Processing	Food Services
% female owners or managers	13%	13%	20%
% respondents with university degree	38%	30%	39%
Average share of family members working in the enterprise	33%	45%	18%

WHO WORKS IN ENTERPRISES IN ZAHLE?

	Construction	Food Processing	Food Services
% enterprises who have invested in equipment	3%	6%	37%
% enterprises who have invested in expansion	5%	6%	11%
% enterprises who have invested in technology	5%	3%	11%
% enterprises who have invested in specialized external employee training	9%	0%	18%

WHAT DO ENTERPRISES IN ZAHLE INVEST IN?

	Construction	Food Processing	Food Services
% enterprises who have invested in equipment	9%	8%	41%
% enterprises who have invested in expansion	19%	9%	26%
% enterprises who have invested in technology	3%	3%	6%
% enterprises who have invested in specialized external employee training	0%	11%	4%

HOW DO ENTERPRISES IN ZAHLE SEE THE FUTURE?

	Construction	Food Processing	Food Services
% enterprises who expect positive growth in the future	95%	97%	91%
% enterprises who are benefitting from the Syrian crisis	13%	33%	26%
% enterprises who expect to grow after the end of Syrian crisis	72%	45%	50%
% enterprises who will benefit from reconstruction	20%	33%	37%

METN ENTERPRISES			
WHO RUNS ENTERPRISES IN METN?			
	Construction	Food Processing	Food Services
% female owners or managers	21%	24%	18%
% respondents with university degree	63%	41%	43%
Average share of family members working in the enterprise	10%	31%	22%
WHO WORKS IN ENTERPRISES IN METN?			
	Construction	Food Processing	Food Services
Average size of enterprise	10.7	5.6	7.4
% Syrian employees	12%	18%	22%
% enterprises who have recently hired a skilled worker	9%	18%	7%
WHAT DO ENTERPRISES IN METN INVEST IN?			
	Construction	Food Processing	Food Services
% enterprises who have invested in equipment	14%	29%	32%
% enterprises who have invested in expansion	5%	6%	7%
% enterprises who have invested in technology	30%	29%	15%
% enterprises who have invested in specialized external employee training	5%	0%	3%
HOW DO ENTERPRISES IN METN SEE THE FUTURE?			
	Construction	Food Processing	Food Services
% enterprises who expect positive growth in the future	95%	97%	91%
% enterprises who are benefitting from the Syrian crisis	13%	33%	26%
% enterprises who expect to grow after the end of Syrian crisis	72%	45%	50%
% enterprises who will benefit from reconstruction	20%	33%	37%

TRIPOLI ENTERPRISES			
WHO RUNS ENTERPRISES IN TRIPOLI?			
	Construction	Food Processing	Food Services
% female owners or managers	0%	14%	25%
% respondents with university degree	56%	43%	57%
Average share of family members working in the enterprise	13%	18%	6%
WHO WORKS IN ENTERPRISES IN TRIPOLI?			
	Construction	Food Processing	Food Services
Average size of enterprise	13.3	10.5	14.8
% Syrian employees	20%	19%	20%
% enterprises who have recently hired a skilled worker	44%	26%	47%
WHAT DO ENTERPRISES IN TRIPOLI INVEST IN?			
	Construction	Food Processing	Food Services
% enterprises who have invested in equipment	36%	29%	42%
% enterprises who have invested in expansion	24%	14%	27%
% enterprises who have invested in technology	12%	6%	22%
% enterprises who have invested in specialized external employee training	12%	4%	17%
HOW DO ENTERPRISES IN TRIPOLI SEE THE FUTURE?			
	Construction	Food Processing	Food Services
% enterprises who expect positive growth in the future	88%	86%	83%
% enterprises who are benefitting from the Syrian crisis	0%	32%	32%
% enterprises who expect to grow after the end of Syrian crisis	52%	20%	22%
% enterprises who will benefit from reconstruction	40%	20%	20%

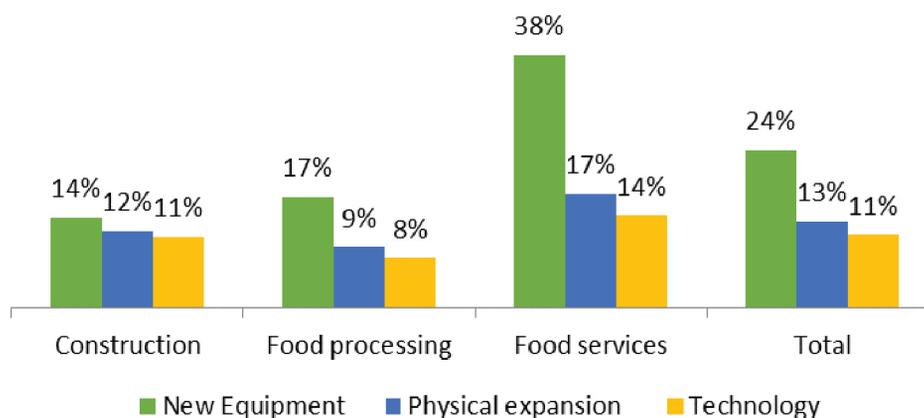
9 INVESTMENT AND BARRIERS TO GROWTH

Building on the paucity of information on the growth of MSMEs, this section reports on the results of the section of the enterprise survey that examines the barriers to firm growth. The enterprise survey relied on a number of investment-related questions to evaluate MSME growth.

While investment is scant, it is mostly directed at new equipment, especially among MSMEs in food services.

When asked about recent investment, only 24 percent of enterprises report recent investment in new equipment, 13 percent is allocated to expansion, and 11 percent to technology. Technological sophistication is low, with limited investment across sectors. Compared to the other sectors, food services enterprises demonstrate higher investment in new equipment. Focus group participants highlighted that expansion is most often related to an entrepreneur from the business who travelled abroad and learned about new processes that can be introduced.

Figure 21: Share of enterprises by type of investment in the past two years



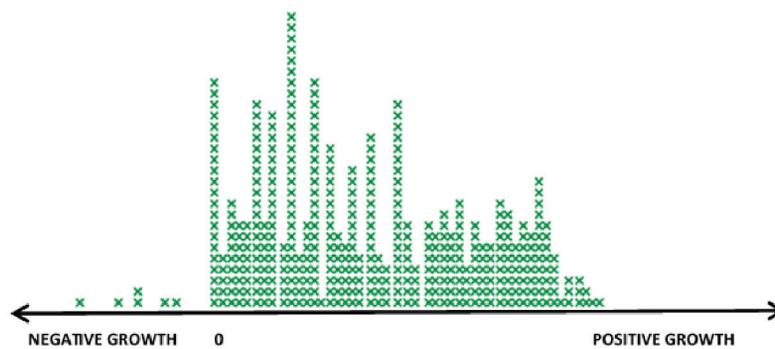
More than 80 percent of investment activities are funded by individual funds within enterprises.

Credit seldom finances investment directed at equipment, expansion and technology across all sectors of the study. Survey results did not indicate any significant role played by civil society organizations in supporting investment activities. These results were not surprising to focus group participants, as they suggested that these micro enterprises would rather borrow money from their family and friendship networks than undergo the application process of a financial or micro-loan institution. A sectorial comparison shows that the food-processing sector

benefits the most from credit that is targeted for investment in equipment and physical expansion.

Although respondents did not indicate high levels of investment, they generally expected that their businesses would grow in the future (see Figure 22). However, many also reported that they face numerous barriers to their growth and rated most of them as very important obstacles to their development. Therefore, this section examines the relation between (1) investments of MSMEs and (26 (2 obstacles to growth, which can limit a firm's ability to sustain growth. The findings can be used in the development of public policy and interventions aimed at supporting MSMEs in Lebanon.

Figure 22: Expectations about growth in the future



9.1 RANKING OF BARRIERS TO GROWTH

Table 9 below shows the mean ranking of the importance of factors influencing growth of enterprises. Results show that 16 out of 26 barriers have a mean ranking above 4.0, which underlines the high number of barriers that hinder the growth of Lebanese enterprises. The top three barriers (security situation, political instability and recession of the economy) are directly related to political and macro-economic factors, whereas the bottom three barriers (poor roads, high transport costs and lack of information technology) are associated with distribution factors.

Table 9 also shows mean rankings for construction, food processing and food services enterprises. The top three mean responses ranked as being most significant are exactly

identical across different sectors except for one finding: power supply, which is the second most significant barrier to growth for food services firms alone. Almost all barriers (11 out of 16) that have a mean ranking above 4.0 are similar in all three sectors.

In addition to these barriers to growth, focus group discussions brought to light several other barriers that MSMEs face. Focus group participants suggest that the persistence of a family-led structure limits the expansion of the business. Family businesses are resistant to change, even if they obtain training, because the main challenge is in the mentality of the business owner, who is often perceived as particularly risk averse and reluctant to adopt new practices or updated modes of production.

“IT IS AN ISSUE OF PRIDE. THEY ARE RELUCTANT TO ACCEPT THAT SOMEONE ELSE DOES SOMETHING BETTER THAN THEM”.

FOCUS GROUP PARTICIPANT

Table 9: Barriers to growth per sector: mean

(1 = not important at all; 5 = very important) (n = 414)

Variables	Overall Mean	Construction	Food Processing	Food Services
Security situation	4.55	4.57	4.39	4.66
Political instability in the country	4.45	4.48	4.49	4.38
Recession of the economy	4.45	4.43	4.46	4.47
High production costs	4.42	4.39	4.39	4.42
Poor electricity supply	4.40	4.27	4.27	4.59
High taxes and other tariffs	4.37	4.38	4.37	4.38
Syrian crisis impact on Lebanon	4.30	4.35	4.18	4.32
Costs of registration and licenses	4.29	4.35	4.27	4.24
Corruption	4.28	4.29	4.24	4.29
High inflation rate	4.20	4.18	4.24	4.18
High interest rate	4.19	4.15	4.19	4.15
Lack of experience	4.13	4.11	3.97	4.31
Lack of collateral	4.11	4.11	4.08	4.04
Bad credit record	4.09	4.06	4.13	3.98
Lack of business skills	4.06	4.20	3.82	4.15
Insufficient government support	4.05	4.18	4.08	3.93
Poor telecommunication	3.99	4.05	3.73	4.06
Shortage of skilled labor	3.99	3.96	3.71	4.16
Inability to keep qualified employees	3.92	3.81	3.76	4.12
Lack of access to loans from banks	3.90	3.92	4.00	3.73
Lack of networking	3.86	3.82	3.68	3.97
Inadequate market research	3.82	4.01	3.62	3.85
Lack of internal employee training	3.71	3.74	3.28	4.02
Poor roads	3.68	3.88	3.37	3.77
High transport costs	3.62	4.08	3.02	3.66
Lack of information technology	3.27	3.36	2.95	3.39

Table 10: Barriers to growth per region: mean

(1 = not important at all; 5 = very important) (n = 414)

Variables	Overall Mean	Baalbek	Zahle	Metn	Tripoli
Security situation	4.55	4.29	4.69	4.51	4.67
Recession of the economy	4.45	4.26	4.57	4.35	4.61
Inadequate demand	4.45	4.56	4.45	4.42	4.37
Political instability in the country	4.44	4.30	4.72	4.24	4.44
High production costs	4.40	4.51	4.41	4.36	4.33
Poor electricity supply	4.39	4.46	4.32	4.50	4.30
High taxes and other tariffs	4.38	4.39	4.35	4.31	4.46
Lack of financial support	4.35	4.52	4.38	4.16	4.33
Location of the business	4.33	4.51	4.42	4.16	4.21
Syrian crisis impact on Lebanon	4.29	4.56	4.36	4.4	3.82
Costs of registration and licenses	4.28	4.27	4.21	4.26	4.40
Corruption	4.27	4.22	4.27	4.42	4.18
High competition	4.24	4.40	4.35	4.41	3.81
High inflation rate	4.20	4.14	4.20	4.26	4.18
High interest rate	4.17	4.23	4.26	4.22	3.93
Poor water supply	4.17	4.29	4.25	4.25	3.87
Lack of experience	4.15	4.06	4.05	4.34	4.15
Lack of collateral	4.07	4.45	4.28	4.04	3.49
Lack of business skills	4.07	4.02	4.03	4.33	3.92
Bad credit record	4.05	4.29	4.18	4.25	3.47
Insufficient government support	4.05	4.28	4.13	4.10	3.69
Crime	3.99	3.69	3.91	4.25	4.14
Shortage of skilled labour	3.96	3.83	3.87	4.22	3.93
Poor telecommunication	3.96	3.90	4.05	4.19	3.69
Inability to keep qualified employees	3.91	3.73	3.81	4.10	4.02
Lack of access to loans from banks	3.87	4.32	4.08	3.94	3.13
Inadequate market research	3.84	3.80	3.86	4.16	3.51
Lack of networking	3.84	4.06	3.31	4.01	4.09
Clientelism	3.75	3.66	3.14	4.27	4.06
Lack of internal employee training	3.71	3.30	3.60	4.09	3.86
Poor roads	3.69	3.44	3.42	4.21	3.73
High transport costs	3.62	3.49	3.42	4.17	3.42
Lack of information technology	3.25	2.71	3.12	3.91	3.28

9.2 PRINCIPAL COMPONENT ANALYSIS

Table 11 below shows the results of a principal component analysis (PCA) of the rankings of the 26 growth barriers.²² Factor loadings above 0.5 were used for grouping. The Kaiser-Meyer-Olkin measure of sampling adequacy (K-M-O = 0.859), the degree of common variance among the initial variables, is considered to be excellent.

Bartlett's test of ($\chi^2 = 4383.09$ $df = 325$ sig. = 0.000) shows that the sample correlation matrix does not come from a population in which the correlation matrix is an identity matrix, so the non-zero correlations in the sample matrix do not reflect sampling errors. These tests support the use of principal analysis.

PCA creates new variables that are defined by linear combinations of the original variables.

These components reduce the redundancy that several variables might create when they are in fact explaining one single underlying construct.

The first component extracted accounts for the largest amount of total variance in the observed variables, i.e., it explains most of the data; the second component explains the maximal variance in the dataset that is not explained by the first component, and it is uncorrelated with the first component. The remaining components have the same characteristics as the second component.

PCA analysis of the results of the survey questions grouped them into six categories: (1) skills of the human resource, (2) financial support, (3) cost of production, (4) price, (5) infrastructure and (6) macroeconomic conditions.

Factor 1, relative skills of the human resource, includes seven variables related to the ability of human resources: lack of experience, inability to keep qualified employees, shortage of skilled labour, inadequate market research, lack of internal employee training, lack of business skills, and lack of information technology. This result is consistent with studies that have found limitations in human resources to be a significant barrier to growth.

Factor 2, financial support, included four variables related to the firm's access to finance: lack of access to loans from banks, lack of collateral, bad credit record, and insufficient government support. There is wide agreement among MSMEs that access to finance is a major obstacle to growth. Focus group discussions also brought to light the view that MSMEs invest when they secure their own funds, and choose not to invest rather than rely on institutions such as Kafalat or other support programmes.

Factor 3, cost of production, included lack of networking, high production costs, high taxes and other tariffs, the impact of the Syrian crisis on Lebanon, poor electricity supply, and corruption. The cost of production has been previously reported as a significant barrier to growth.

Factor 4, price, included high inflation rate, high interest rate, and cost of registration and licences.

Factor 5, infrastructure, included poor telecommunication, poor roads, and high transport costs.

Factor 6, macro-economic conditions, included political instability in the country, recession of the economy, and the security situation.

These components can be analysed in several ways. Firstly, they show the relative importance of each component with respect to the others; i.e., relative skills of the human resource is perceived to be the most important barrier to growth, followed by financial support and cost of production. Secondly, the underlying variables within each component can also be analysed in terms of their relative importance that is reflected by their eigen value (see Table 11 below). For example, within component one, lack of experience and inability to keep qualified employees are regarded as more important barriers than lack of business skills and information technology. Finally, these components are used in further econometric analysis, as is presented in the table below.

Table 11: Component loadings for barriers to growth

(n=414)

Variables	Factor 1 Skills	Factor 2 Financial support	Factor 3 Cost of Production	Factor 4 Price	Factor 5 Infrastructure	Factor 6
Lack of experience	0.835				-0.153	0.112
Inability to keep qualified employees	0.818			0.113		
Shortage of skilled labour	0.806					
Inadequate market research	0.788	0.197	-0.152	-0.193		0.108
Lack of internal employee training	0.717	-0.140	0.156		0.122	
Lack of business skills	0.674	0.130	0.129			
Lack of information technology	0.516		-0.183		0.408	
Lack of access to loans from banks	0.203	0.864			-0.190	
Lack of collateral		0.834				
Bad credit record		0.710	-0.118	0.160	0.203	
Insufficient government support	-0.141	0.549	0.135	0.105		0.112
Lack of networking			0.809			-0.364
High production costs			0.712	0.149		
High taxes and other tariffs	0.107		0.620	0.247	-0.272	
Syrian crisis impact on Lebanon	-0.113	0.400	0.528	-0.229		0.185
Poor electricity supply	0.125		0.525		0.179	
Corruption		0.217	0.453	0.118		
High inflation rate				0.787	0.142	0.102
High interest rate		0.305	0.134	0.688		
Costs of registration and licenses			0.146	0.654		
Poor telecommunication		0.129	-0.130		0.821	0.187
Poor roads		-0.163			0.799	
High transport costs	0.333		0.201	-0.139	0.475	
Political instability in the country						0.886
Recession of the economy	0.181	-0.181	-0.120	0.405	-0.141	0.626
Security situation		-0.123	0.384	-0.152	0.196	0.576

9.3 REGRESSION ANALYSIS: INVESTMENT FACTORS

Micro and small enterprises cope with skill and external financing-related challenges by investing, while macro-economic and political stability factors discourage investment.

An ordinary least squares (OLS) regression model is used to evaluate the relationship between barriers to growth and firm growth. The dependent variable (growth) is a composite variable built from enterprises' response to investment in equipment, technology, and physical expansion; growth has a value of zero when the respondent indicated that the firm had not carried out any investment during the previous two years, and a value equal to respondents' mean rating of the investment importance if the firm had invested in either equipment, technology or physical expansion.

Investment

$$= a_0 + b_1Year + b_2Region + b_3Size + b_4Sector + b_5F_1 + b_6F_2 + b_7F_3 + b_8F_4 + b_9F_5 + b_{10}F_6 + b_{11}e$$

Where Investment = composite variable as explained above

Year = Year of establishment

Region = Control variables

Size = Total number of employees

Sector = Control variables

F1 ... F6 = Factors 6-1 (from PCA)

The control variables of region and sector were added to the regression to account for any potential regional or sectoral effects that might explain the investment decisions of enterprises.

The regression results show that both our control variables are not significant, meaning that there is no specific regional or sectorial behaviour that affects enterprises' decision to invest.

The OLS results show that the coefficient for the factor of access to financial resources (0.138) and total number of employees (0.306) is significant at 1 percent, whereas coefficients for the factors of skills (0.132), price (-0.130) and macro-economic conditions (-0.106) are significant at 5 percent.

The positive relationship between investment and issues related to lack of skills indicates that firms who are investing are in fact responding to the challenge of shortages of skilled labour by investing in a horizontal type of growth (no improvement in technology or new linkages). Relatedly, larger workforces within enterprises is associated with higher levels of investment.

Therefore, enterprises that invest in equipment or expansion do hire more people classed as semi-skilled or unskilled labour, but they do not hire more skilled labour.

Results also indicated that firms which consider access to finance as a barrier are more likely to invest, but using their own funds. The lack of government support or access to financing from loans does not prevent people from investing; rather, it drives them to invest using their own funds.

However, widespread perceptions of price-related barriers and macro-economic obstacles are negatively related to the decision on investment, with enterprises disinclined to invest in a state of insecurity and political instability. Enterprises are also discouraged to invest if price indicators are unfavourable, such as high inflation and interest rates, as well as high costs of registration and licensing.

Table 12: Summary of regression results

Variables	Coefficient	Sig.
(Constant)		0.829
Skills of human resources	0.132**	0.033
Cost of production	0.019	0.753
Access to financial resources	0.318***	0.000
Price	-0.130**	0.021
Infrastructure	-0.082	0.176
Macro-economic situation	-0.106**	0.050
Year of establishment	0.024	0.618
Tripoli City	0.055	0.413
Metn	-0.018	0.770
Zahle Region	0.036	0.557
Total number of employees	0.306***	0.000
Food processing sector	0.043	0.473
Food services sector	0.131	0.020

*p<.05. **p<.01. ***p<.001
R=0.511

10 BUSINESS DEVELOPMENT SUPPORT NEEDS

Enterprises are generally unwilling to invest in BDS, with the exception of those in Tripoli.

Respondents were asked to determine how much money that are willing to pay for several BDS courses. And despite the large number of obstacles that hinder their growth, overall, not many were willing to pay for any course, indicating that they do not sufficiently value the information and skills they would obtain from such BDS to invest in them. Table 13 below presents the share of these enterprises. Tripoli is an exception in this matter as only 3 percent are unwilling to pay for BDS, making enterprises in Tripoli far more likely to invest in BDS the most.

Table 13: Share of enterprises who do not highly value BDS by region

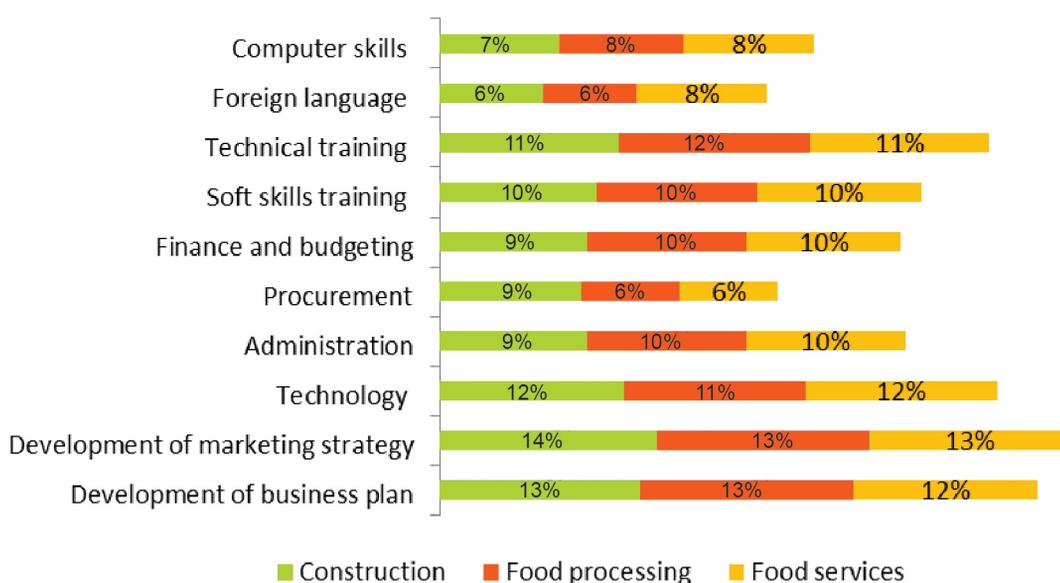
Location	Percentage of enterprises who are not willing to pay for any BDS
Baalbek	70%
Zahle	80%
Metn	70%
Tripoli	3%

Focus group participants suggested that BDS would become more attractive if target enterprises are shown success stories and led by examples that show how efficient and beneficial BDS services can be.

Enterprises are most interested in developing business plans, improving their production efficiency and marketing their products better.

The distribution of the respondents who do place some monetary value on BDS training are presented in Figure 23 below. Responses across sectors and regions mainly converged on the need for technology services and the development of marketing strategies and business plans. Respondents were least interested in courses on foreign languages and computer skills.

Figure 23: BDS needs by sector



BDS needs vary by region and sector within each region.

Looking more closely at each sector and each region, Table 14 below summarizes the most valued BDS courses within each region and sector. The sectors in the different regions displayed different needs, indicating that any BDS intervention should be both sector- and region-specific. More details on the characteristics of those firms are available in Annex 3.

Table 14: The most valued BDS by region and sector

	CONSTRUCTION	FOOD PROCESSING	FOOD SERVICES
BAALBEK	Business plan, marketing strategies, technology to increase efficiency (19%)	Business plan and marketing strategies (12%)	Technology to increase efficiency (36%)
ZAHLE	Marketing strategies and technology to increase efficiency (10%)	Administration, technical training for staff, foreign languages (3%)	Technology to increase efficiency (36%)
METN	Technology to increase efficiency (9%)	Soft skills for staff (29%)	Marketing strategies (25%)
TRIPOLI	Marketing strategies (24%)	Technology to increase efficiency (29%)	Technical training for staff (25%)

11 CONCLUSIONS AND RECOMMENDATIONS

This section summarizes the main findings of the report and suggests a series of recommendations for various stakeholders.

11.1 SUMMARY OF MAIN FINDINGS

On BDS needs

Although the majority of enterprises are not willing to pay for BDS, they are mostly interested in support services related to business plan development, marketing strategies and improving production efficiency.

BDS needs and priorities vary by region and sector within each region. Therefore, any intervention should be tailored to both factors.

On skills needed

The skills that enterprises see as most valuable to them are: (1) design and quality control of the product, (2) maintaining good customer relations, (3) ability to assess sales problems, (4) planning and budgeting, and (5) marketing skills.

All the core skills that enterprises see as important are concentrated in the owner of the enterprise. There is limited delegation to the enterprise manager, but negligible delegation to specialized employees who could possess these skills and perform the related tasks.

On factors that determine success

The most significant determinants of success that respondents identified are related to personal traits of the entrepreneur rather than to the business or product itself.

The most recurrent determinants across regions and sectors are: (1) good customer service, (2) reputation of honesty, and (3) hard work.

On perceptions of competitiveness

MSMEs across all sectors and regions have a positive perception regarding their overall competitive position, as they see both their quality and customer service as largely better than that of their competitors.

However, around 40 percent of MSMEs consider that their price is less competitive compared to competitors. Therefore, price is the main perceived obstacle for increasing competitiveness at the market.

On barriers to growth

PCA identifies six components that characterize the barriers to growth that firms face.

Skills: The first and most important factor is related to the relative skills of the human resource, and includes aspects relating to the lack of training, business skills and market research skills, as well as the shortage of skilled labour, and the inability to keep competent employees.

Financial support: The second factor is related to financial support, whether it is from the government or from banks. MSMEs regard their inability to access bank loans, provide collateral or maintain a good credit record, in addition to insufficient government support, as significant factors that hamper their growth.

Cost of production: The third factor is related to elements that increase the cost of production. The lack of adequate networks, high taxes, the impact of the Syrian crisis, poor electricity supply and corruption all contribute to increasing the cost of production, which enterprises consider to be high already.

Price: The fourth factor is related to elements that affect market price, including high inflation, high interest rates and costs of registration.

Infrastructure: The fifth factor pertains to the bad state of road and telecommunication infrastructure, which leads to higher transport and transaction costs.

Macro-economic conditions: The sixth factor is related to the overall economic and political conditions in Lebanon, from instability and insecurity to economic recession.

On investment and barriers to growth

Regression analysis of the above factors of growth barriers to investment decisions produced the following results:

There is a positive relation between investment and skills as a barrier to growth. In fact, MSMEs compensate for the lack of adequate skills through investing mostly in low-tech equipment and horizontal expansion that does not involve vertical linkages.

The barriers to financial investment do not prevent MSMEs that want to invest from doing so; instead, they resort to alternative, mostly personal sources of funding.

Risk factors related to market prices and macro-political and economic barriers, which are out of the control of MSMEs and entrepreneurs, are negatively related to the decision to invest. MSMEs who consider these as important barriers to their growth tend to not invest.

Barriers related to infrastructure and cost of production did not show a statistically significant relationship with investment decisions.

11.2 RECOMMENDATIONS

A series of recommendations emerge from the findings and conclusions of this study.

1- There is an overarching need to increase both demand and supply of skills. The presence of a skill gap among micro and small enterprises who mostly employ fewer than 10 employees is not as evident as in larger enterprises surveyed in other studies. In fact, these enterprises have

yet to create skilled positions through more innovative investment and better business development planning.

2- BDS interventions need to be custom designed for each region and sector within each region. The following are the suggestions for BDS support, as expressed by respondents in the enterprise survey.

In Baalbek region: The construction and food processing sectors need business plan development support. MSMEs in both the construction and food services sectors need support to introduce technology to improve production efficiency.

In Zahle region: The construction sector prioritizes marketing strategy support. The food processing sector needs administration and technical training for staff members. As for the food services sector, similarly to Baalbek, MSMEs report the need for support in introducing technology to improve production efficiency.

In Metn region: Construction MSMEs prioritize support in introducing technology to improve production efficiency. Food processing MSMEs express the need for soft skills for their staff members. As for food service MSMEs, they identify as their primary need marketing strategy support.

In Tripoli: Construction sector enterprises need support in marketing strategies. Food processing enterprises prioritize technological support for improving efficiency. Food service MSMEs rank technical training for staff as their main BDS need.

3- In line with the top ranked factors of success by survey respondents, leadership and entrepreneurial support programmes need to be implemented for the business owners and managers who wish to expand their businesses through improved customer service, better networking capacity, and improved products and marketing.

4- Results of the focus group discussion suggest that by encouraging more female managers and owners, this can change existing behavioural patterns observed in owners and managers of MSMEs. Women should be trained to have a larger role to play in their enterprises, by offering monitoring and evaluation skills training, as well as vocational technical training and entrepreneurial skills.

5- To address skills-related barriers, there is a need for programmes that reduce the

centralization of responsibility in the enterprise owner. This could be achieved through training of the professional management cohort to develop business skills and enable them to perform different types of market research. Other initiatives could include work on the retention of competent employees.

6- In the short term, political instability and security will remain a characteristic of the geopolitical situation in the region. Lebanon has benefited from regional crises as a receiver of capital inflow, although this has encouraged a rentier and service economy. Moreover, during the Syrian reconstruction process, it is highly probable that this capital will be redirected towards Syria.

Therefore, the Lebanese government and Lebanon Crisis Response Plan (LCRP) partners should continue their efforts to secure

stabilization plans and interventions aimed at increasing social and economic stability.

7- In the longer term, the Lebanese government should develop policies that support equal regional development and productive sectors such as agro-food, construction and other promising sectors.

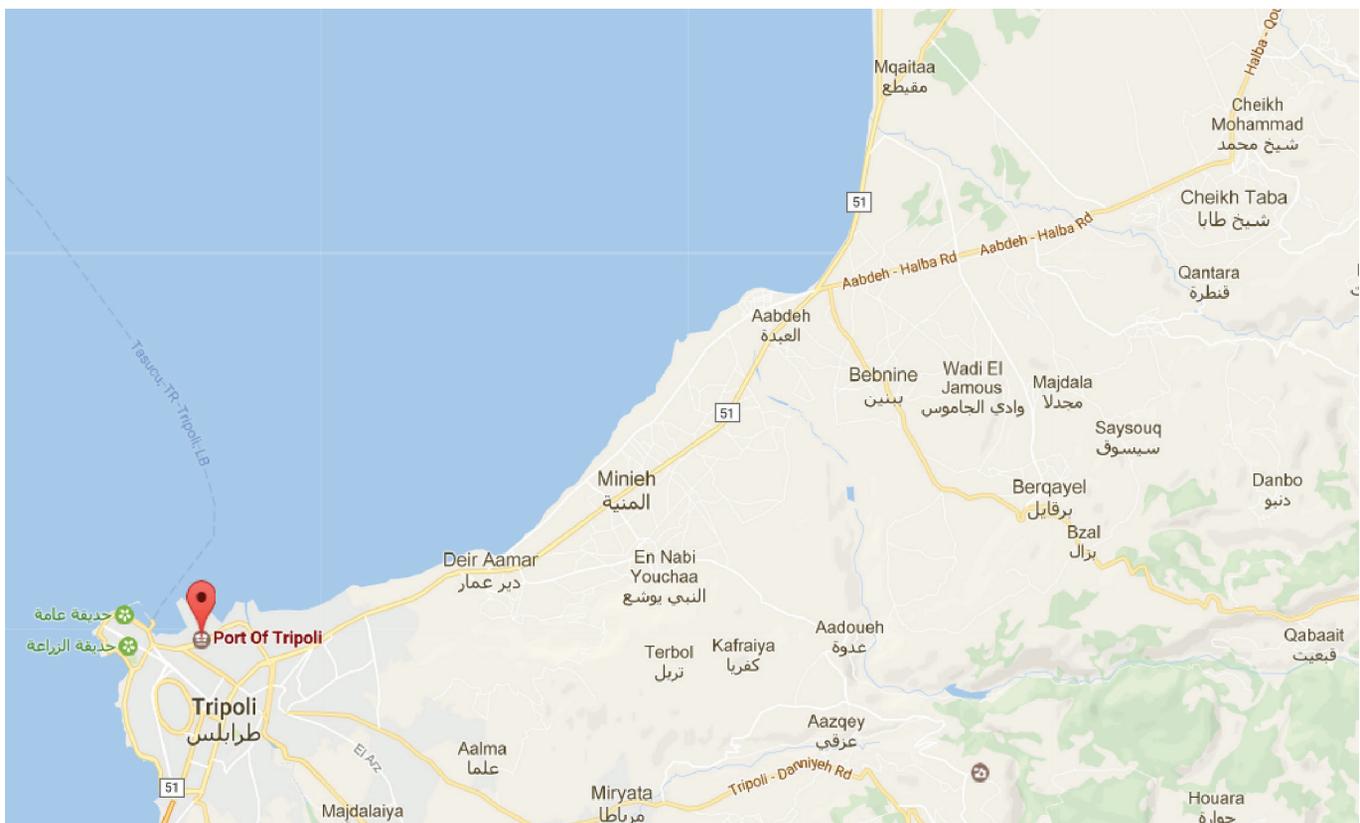
12 CASE STUDY ONE: MARITIME ACTIVITIES IN TRIPOLI

Since independence, the state and successive governments did not award Tripoli (and the neighbouring northern region of Akkar) the necessary attention and support for local, social and economic development in spite of the first poverty study carried out by Mission IRFED (Institut de recherche et de formation en vue du développement harmonisé) in 1961 revealing poverty pockets and development problems in the region. This has spawned increasing poverty, unemployment and has fueled civil strife among different sectarian and political groupings. The maritime sector in Tripoli and along the northern coast is no exception to this historical neglect of the region.

However, key informants from the city say that change is underway. They suggest that political will to improve the socio-economic situation in Tripoli is evident, and policy decisions have been made in that direction in the form of large investments needed in the area. Indeed, the work and investment that is being done in the maritime sector is part of this effort.

The maritime industry encompasses a large value chain. It includes a variety of businesses: maintenance, transportation, crane operators, public relations, food and beverage, and logistics and forwarding, among others. The growth of this chain creates new employment opportunities and impacts many more, all of which contribute to faster economic growth.

Figure 24: Location of Port of Tripoli



12.1 THE PORT OF TRIPOLI

The city is endowed with a naturally formed port that ranks second nationally after the Port of Beirut in terms of docking space and storage capacity. During the civil war, the Port of Tripoli took over the Port of Beirut that closed for extended periods of time, where vessel and container traffic was redirected north. The city of Tripoli is closer to the northern border of Syria, which gives it an advantage at the land transport level, especially for in-transit shipments heading to the Gulf region.

The Port of Tripoli is separated from the northern border with Syria by a strip of coastal towns and a highway spanning 30km. The area north of the port is mainly commercial and agricultural land extending as far as the Akkar plain. The coastal zone through the district of al-Mina (see sidebar, right) is ideal for establishing support businesses and operations, including container and cargo storage facilities.

The Port of Tripoli has a strategic location. It is ideally situated to serve in-transit shipments and re-export to the Arab countries by land through Syria.

It currently has one dock and eight berths with a total area of 3 mil sq.m, comprising a land area of 320,000 sq.m and a dump area of 420,000 sq.m. It accommodates around 65 vessels/month (formerly around 40) and trade volume is around LBP 20 billion annually. In 2015, the port accounted for around 6 percent of Lebanon's imports (157,000 tons), and 9 percent of total exports (165,300 tons).²³ In comparison, the Port of Beirut accounted for 73 percent of imports and 43 percent of exports in 2014.²⁴

Traditionally, the Port of Tripoli was known for handling bulk shipments more than containerized goods. This is changing rapidly, with the establishment of a container terminal

and the installation of two container cranes. The traffic is forecasted to reach 174,000 containers per year in 2020. The new container terminal accommodates around 5,000 containers in a 15,000 sq.m area. In 2012, Gulftainer, a United Arab Emirates (Sharjah)-based container terminal operator, won a 25-year concession to develop and operate the new terminal. Infrastructure was provided by the port authority, and Gulftainer provided the cranes and equipment. The terminal is expected to reach 60,000 sq.m in the second phase of the project. The addition of this second basin, with a 15-metre draft has been a major achievement for the port in the last four years. It can accommodate bigger ships than the Port of Beirut.

At the start of the Syrian conflict, and with the increasing demand from Syrian travellers for a maritime route to Turkey, the Port of Tripoli offered passenger trips, opened a passenger hall and indeed witnessed a major increase in passenger traffic; however, this traffic eventually subsided after the Turkish authorities imposed visa requirements for Syrian nationals.

Experts agree that the Port of Tripoli is more suited for commercial/cargo use, and suggest that there are other ports, such as the Port of Jounieh, that are more suitable for passenger and tourist services.

The port is witnessing growth in its capacity and there are plans for further development. The port authority has commissioned Dar AlHandasah Shair & Co. to develop a strategic plan for the port. The Islamic Bank has pledged a loan amounting to USD 86 million for expansion and infrastructure support for the port; the implementation of the loan is awaiting approvals and the issuance of relevant decrees from the government.

Al-Mina

With a population of around 53,000 people, al-Mina consists of a peninsula surrounded by water from three sides (northern, western and southern sides), and linked to Tripoli from its eastern side. It is an independent municipality and urban centre, although it is increasingly becoming attached to Tripoli as a result of rapid urbanization. Most of the residents of al-Mina are Lebanese nationals, along with refugees and internal migrants from various northern regions.

The fishing sector is particularly important in this small town. There are around 400 families (around 2,000 people) who make a living from the fishing sector. According to the fishery trade union, around 2,350 workers from al-Mina are occupied in the industry, including 300 children and 500 women who mostly repair nets, prepare bait and other related tasks. 90 percent of the 307 members of the Northern Cooperative for Fishermen come from al-Mina.

However, this sector in al-Mina, as well as in the North in general, faces several challenges. The high cost of production, including cost of fuel, is limiting the already unstable income of fishermen. Fishermen have weak bargaining power over their profit margins since the market is monopolized by two major fish stores that buy their output with a fee of 8 percent of wholesale price. Furthermore, fishermen and their households are not eligible to benefit from the National Social Security Fund (NSSF), and rely on private healthcare.

In addition, the primitive fishing methods and lack of technical and technological support, as well as the outdated regulatory framework of the sector are harming its efficiency and prospects for growth.

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12.2 ADVANTAGES OF AND OPPORTUNITIES FOR THE PORT: FASTER PROCESSING AND STRATEGIC TRADE LINKAGES

Compared to the Port of Beirut, the Port of Tripoli has stricter rules and fewer delays, which could generate more income for the government while being less costly for importers and exporters due to faster processing. In fact, this fast processing is an important advantage for the

port, which in turn needs to be maintained and taken into consideration by eventual expansion plans.

Key informants suggest that the Port of Beirut is actually inconveniently designated as the

major maritime hub for Lebanon. There is heavy land traffic as well as mountain road challenges in re-export to the Gulf region. Tripoli, on the other hand, is a more convenient location for re-export because the port has linkages to ports in Turkey, and the hinterland region offers better land transport with less traffic and less road challenges for large trucks.

Looking at the larger world trade platform, not so long ago, Israel launched a USD 2 billion investment in the ports of Haifa and Ashdod, to secure its share of the business that the New Silk Road is expected to induce in the eastern Mediterranean shores. The road will help bypass the Suez Canal. This new connection between Asia and Europe has become a reality, and is said to be moving at high speed towards

bordering countries, including Iran and Turkey. The Port of Tripoli is conveniently situated to benefit from this new business, whenever the needed investment is secured. The director of the Port of Tripoli suggests that full economic independence is possible for Tripoli and North Lebanon if the necessary logistics/supply chain network is established. Syrian ports can serve 15 million tons of goods per year at full capacity. The traffic expected to flow after the end of the conflict in Syria is approximately 75–60 million tons/year, which leaves around 60–45 million tons/year to be to be handled by the ports of Jordan, Lebanon and Turkey. In turn, the Port of Tripoli must be ready to accommodate a big chunk of this business. In fact, the port authority is aiming for and working towards this goal.

12.3 CHALLENGES FACING THE PORT: SECURITY, SKILL AND INFRASTRUCTURE

Several political, economic and infrastructure related challenges face maritime activity in Tripoli (see Figure 25). Firstly, internal conflict and insecurity have taken a toll on the maritime industry. Security is a crucial factor for trade and transportation, as port operations cannot be subject to random interruptions.

Figure 25: Major Challenges Facing the Port of Tripoli

Political	Skills	Governance	Infrastructure
<ul style="list-style-type: none"> • Internal conflicts in Tripoli • Security threats 	<ul style="list-style-type: none"> • Vacant skilled labor positions • Lack of IT department 	<ul style="list-style-type: none"> • Outdated rules and regulations • Centralization of inspection agencies work 	<ul style="list-style-type: none"> • Difficulty of access to and from port • Traffic congestion around the port • Poor road infrastructure

The Port of Tripoli is understaffed and is in need of skilled labour. It currently employs 38 workers, including daily labourers and contractual staff. There are many positions that have been vacant for a long time, especially in skilled jobs that require higher education, such as engineering.

Key informants also report that soft skills among the port staff are in high demand. The understaffing of the port is creating pressure on current employees, and could jeopardize the

integrity of the services.

The major challenge lies in the academic support for these types of skills. Universities have not yet given the sector the attention and the investment that it deserves. For a country like Lebanon, with several major ports and re-export activities, it seems appropriate for universities to promote courses and disciplines that cater directly to this sector. More importantly, technical schools have not tapped into the

wealth of skills that can support the sector and create job opportunities. Crane operators, vessel and yard planners, and maintenance specialists are jobs in high demand. At the moment, training is mostly done on the job. Gulftainer, the container terminal operator in the Port of Tripoli, has its own training centre. In addition, the port lacks an IT department, and IT services are currently provided by an independent contractor. Technological support for the maritime industry is developing quickly and constantly; therefore, an in-house IT department is a pressing need if the port aims to enhance its efficiency and maintain its comparative advantage of timeliness and ease of operations.

The rules and regulations of the port were last updated 16 years ago in 2001. Since then, many changes and improvements have been made to port operations and procedures worldwide.

These updates facilitate a faster and smoother movement of goods. However, the internal rules and regulations need to be revised in order to integrate these new systems to the Tripoli port operations. In addition, there is a dire need for decentralization of the activities of certain inspection agencies like the Industrial Research Institute (IRI) and the Lebanese Agricultural Research Center (LARI). These agencies are required to inspect and approve certain types of goods before they can enter the country; therefore, having branches inside the Port of Tripoli, with the necessary laboratory equipment, will facilitate the movement of goods through

the port.

Land access to and from the port is difficult and requires enhancements in procedures and infrastructure. Security checkpoints within the port border itself are problematic: several agencies duplicate work, carrying out effectively the same job. One way to avoid security overlap is by cooperation between the security bodies and the creation of a unified control room. In addition, traffic congestion around the port and the poor road infrastructure in the vicinity are major obstacles. There are ongoing roadworks that are expected to solve this issue, but works are slow and fragmented due to the delays in reimbursement by the government.

Al-Manar University of Tripoli (MUT): Degrees in Marine Engineering, Transport and Technology

MUT, founded in 1990, is a private accredited university located in Tripoli city. The university acknowledges the importance of maritime activities in Tripoli and the region, so it offers two programmes in the maritime industry, jointly with the Arab Academy of Science & Technology & Maritime Transport in Egypt.

The Marine Engineering and Technology programme offers a bachelor of technology in Marine Engineering Technology and a bachelor in technology.

The Marine Transport & Technology programme offers a bachelor of technology in Marine Navigation.

12.4 CONCLUSIONS AND RECOMMENDATIONS

The positive outlook for Tripoli in general, and the maritime sector specifically, are an encouraging sign that this sector is likely to generate new income and provide new job opportunities for the residents of Tripoli and the northern region. However, the prosperity of the maritime industry in Tripoli requires investment in both human and physical capital.

The port's expansion plans have to align with adequate human resources to operationalize them; today, the lack of educated and skilled labour hinders the expansion of the port. Therefore, there is need to:

1. Fill the existing technical positions such as maritime engineering and other skilled labour positions in the trade department and the logistics department. In this respect, additional research needs to be done on the various reasons behind the difficulty of filling these positions, the means of hiring and firing that the port authority uses, and whether there is a mismatch between the educational outputs and the demand of the port authority;

2. Establish an IT department and provide adequate employees to operate it; and

3. Improve soft skills of existing port staff, including time management, teamwork and developing a professional demeanour, among others.

In addition to providing the necessary skills, the port needs to be managed in a more coordinated and modern way. In this respect, there is need to:

1. Improve the cooperation and coordination between the various security bodies in the port to facilitate access and movement;

2. Revise and update the internal rules and regulations to integrate more modern governance mechanisms and introduce better technology for running the port operations; and

3. Decentralize the activities of certain inspection agencies like IRI and LARI to facilitate operations and movement of goods.

In terms of infrastructural needs, the port need to have a better network of transportation that links sea, land and air transport,²⁵ and establish efficient logistic support such as convenient and efficient storage spaces and advanced handling. It also requires the facilitation of business logistics; storage areas outside the port to complement the capacity of the port itself.

Finally, the promising maritime sector has been largely unexplored so far, in spite of being linked to a large value chain that in turn includes many activities that can be developed and lead to new job creation. A more thorough value chain analysis needs to be performed to provide information on the various actors in this value chain, its business enabling environment and the various opportunities it offers and challenges it faces.

13 CASE STUDY TWO: RURAL TOURISM IN THE BEQAA

Rural tourism first began in Lebanon in 1997, when four local tour operators started organizing hiking and rafting activities in remote rural areas. At this early stage, foreigners were the only clients for these types of tourism activities. Rural tourism gradually garnered the interest of the local Lebanese, and in 2002 the number of tour operators doubled. During the same year, a small number of houses in Deir el Ahmar in the Beqaa started accommodating tourists, marking the onset of the guesthouse business in the area. These houses were part of the Women's Association of Deir el Ahmar (WADA), an association founded in 1991 to support the livelihood of women in the area through

promoting their traditional practices. At the start of their guesthouse project, foreigners and tour operators were the only guests. Today there are 65 guesthouses registered in the DIYAFA website (<http://diyafa.org/>), 31 of which are in the Beqaa area (the WADA guesthouses plus Beit al-Kouroum in Zahle).

Between 2004 and 2006, before the outbreak of the July 2006 war, rural tourism was flourishing. International donors, interested in supporting rural Lebanon beyond the scope of the agricultural sector, played an important role in triggering rural tourism. During that period, the Lebanese Mountain Trail (LMT)²⁶ was established,

generating vital awareness and exposure to rural tourism among locals and tourists. In 2007, the Lebanese Mountain Trail Association (LMTA) was established to maintain and protect the mountain trail, the design of side trails and enhancement of economic opportunities by promoting responsible tourism. In 2010, the foundation of Beyond Beirut contributed to

the progress of this sector. The goal of Beyond Beirut is to promote this form of tourism. Beyond Beirut works on three aspects: marketing of rural tourism products, improving the quality of current services and creating linkages between stakeholders, including municipalities, tour operators and travel agencies.

13.1 KEY OPERATORS IN RURAL TOURISM IN BEQAA

The Beqaa constitutes 40 percent of Lebanon's arable land, and while agriculture and agro-industry have been the main sources of livelihood, rural tourism is developing as an alternative source of revenue. To best illustrate the key players, the region will be divided into three main areas: north, central and west Beqaa.

13.1.1 NORTH BEQAA (BAALBEK-HERMEL)

The temple of Baalbek remains the main attraction in the area. Recently, and due to the region's proximity to Syria and the conflict there, tourism has suffered a major setback.

Wine Tourism is booming with the presence of boutique wineries in the area such as Couvent Rouge and Barqa. These wineries have plans to introduce wine tours and small restaurants which serve the traditional food of the area.

WADA's main area of operation is in Deir el Ahmar and the surrounding villages in Baalbek-Hermel area. Through their tourist centre, WADA offers access to 30 guesthouses which are part of WADA's network. WADA has worked on the promotion of these guesthouses by developing a common logo and slogan and developing a website. Guesthouse operators use their income to beautify their houses and make additions that would attract tourists; however, operators are ready to embark on additional restoration works upon receipt of further revenue. Operators are mainly women, who tend to the house and do the breakfast preparations while their husbands do small-scale farming to provide for the needs of the guesthouse.

WADA's tourist centres also provide local guides who can take visitors hiking in the surrounding natural attractions or to church trails which WADA developed, or to the Via Appia trail (which is the Roman Route to Baalbek). Guides are mainly from the local youth. They also deliver other tourist services such as local transportation information or emergency service numbers, and information on activities in the surrounding villages.

Several organic farms exist in this area, which presents opportunities for harvest-related food tourism or for activities such as meeting livestock and producing one's own cheese or 'Labneh'. The Baalbek-Hermel area would benefit from linkages with the neighbouring Cedars area to develop tourism packages which would ensure that people spend a longer time in the area and thus have a greater economic impact.

Overall, to have sustainable tourism in the Beqaa region, better synergy should be developed between conventional tourism, mainly visits to Baalbek Temple, and rural tourism activities in the area.

National Tourism Strategy

In 2014, Beyond Beirut designed a national strategy for rural tourism. The strategy was developed through discussions and consultations with a comprehensive range of stakeholders, including municipalities, ministries, civil society organizations, syndicates, donor agencies, individual investors and companies. The strategy that was set in motion in 2015 and has seven main objectives.

National strategy for rural tourism objectives:

1 Develop and improve marketing and promotion to increase consumer awareness and the visibility of rural tourism destinations, products and services domestically and internationally

2 Institutionalize rural tourism at the level of the local communities

3 Improve and enforce conservation and protection of the environmental, cultural, historical, agricultural heritage of rural areas

4 Diversify, modernize and improve quality of rural destinations, products and services

5 Improve policies, legislation, and regulation of the rural tourism sector and enforcement of laws across the value chain

6 Improve information and data collection and management to support sound planning

7 Improve domestic and international business linkages and networking

While the Ministry of Tourism promotes rural Lebanon, more strategic work is required for a comprehensive and detailed website or tourist offices to direct tourists regarding the packages available. Tourists should have easy and complete access to touristic information regarding each region in Lebanon. For example information on guesthouses, restaurants, activities and local should all be part of one resource. This may be best achieved through Destination Management Organizations in each region of Lebanon which can be accessed both remotely (online) and physically through offices in the region.

13.1.2 CENTRAL BEQAA (ZAHLE, TAANAYEL)

Industrial and commercial activity is prominent in this area, and conventional tourism experiences, such as al-Bardawni restaurants or wine tourism, are negatively impacted by the increasing levels of pollution. However, there are many rural tourism operators, with high potential for developing alternative forms of tourism in the rural regions of this part of the Beqaa.

Taanayel farm managed by the NGO Arc-en-ciel, is a key rural tourism destination in the area and has benefited from its proximity to Beirut to attract visitors. Arc-en-ciel took over the management of the Taanayel Monastery in 2009 and conducted a pilot project for different activities pertaining to agriculture, green practices and rural tourism. Rural tourism in Taanayel Monastery is mainly eco-tourism, consisting of walking and biking around the lake and surrounding lands. Agricultural tourism is practised where tourists visit the farm and witness the different activities taking place on its premises. While in the first year of operation only 14,000 visitors accessed the project,

Taanayel Monastery welcomed 160,000 visitors in 2016. Eco-tourism in Taanayel Monastery employs 64 part-timers during the high season of summer (mainly university students) who work as local guides, in addition to 44 full-timers, mainly working in administration and other departments.

Eco-lodge, also operated by Arc-en-ciel, is located in close proximity to the Taanayel Monastery. Eco-lodge comprises several traditional mud houses in which guests experience life in a typical Lebanese village. Next to Eco-lodge is a restaurant, Khan al-Maksud, in which guests are served traditional Lebanese food prepared by women from the area.

Tawlet Ammiq, at the periphery of Central Beqaa, is a restaurant that offers the traditional food of Beqaa. It boosts tourism at the Ammiq Natural Reserve by attracting tourists and encouraging them to explore the reserve. Tawlet Ammiq has also benefited from its proximity to Beirut to attract more visitors.

13.1.3 WEST BEQAA

West Beqaa was traditionally the least frequented area for tourism because of its proximity to South Lebanon, parts of which were occupied and which is often subject to security incidents. However, the area has significant potential, due to its vegetation and agricultural landscape, and has recently been the subject of increased interest from donors, investors and tourists alike.

The Food Heritage Foundation (FHF) developed a food trail for West Beqaa and Shuf entitled Darb al-Karam. Supported by the Lebanon Industry Value Chain Development (LIVCD), this food trail includes nine villages

from West Beqaa (the villages surrounding Qaraoun lake) and Shuf. To set this trail, FHF first identified local villagers who maintain food traditions specific to their region's agriculture and 'mouneh' production. FHF then developed seasonal packages depending on the food of that season which tourists can discover. The trail promotes 23 operators divided among guesthouses, farmers, cooking class providers, shepherds, beekeepers and local guides. The trail is viable yearlong, as it offers packages for every season. FHF is seeking to add villages to the trail to complete the Qaraoun lake perimeter as well as to replicate this model in other areas of the Beqaa and Lebanon.

13.2 EMPLOYMENT AND TRAINING IN RURAL TOURISM

Employment opportunities in rural tourism are geographically limited to the local areas where guesthouses and rural tourism activities are present. However, the growth and expansion of the sector can bring about many job opportunities due to its high multiplier effect. In other words, the more rural tourism grows, the more related hospitality activities, food services, local food production, artisanal and craftsmanship production, among other vocations, will develop and create new job opportunities, especially for women and youth. This would require parallel training and formation for the various individuals working in the sector.

The current tasks and operations involved in rural tourism are presented in what follows.

Guesthouse operators: This job remains within the family, as, typically, a local couple acts as operators, with the wife handling the

maintenance of the house and serving, while the husband farms the land to provide ingredients for meals that guests pay for. As the number of visitors to the guesthouse increases, the entire family can become involved in running the guesthouse and local people could be hired to help.

Food and beverage operators: The restaurant industry is a primary employment generator in rural tourism. Restaurants are encouraged to focus on traditional food specific to their area, as that is more appealing to tourists looking for authentic experiences.

Operators involved in rural tourism benefit from training, mainly provided by NGOs and municipalities. Women Association of Deir Al Ahmar <WADA> works with several NGOs to provide ongoing training for its guesthouse operators and restaurant owners and workers, as summarized in Table 15 below. Training guesthouse operators is especially important since they are the face of rural tourism and often visitors' first encounters with this sector.

Table 15: Guesthouse training

Skills	Content of trainings
Hospitality soft skills	Training would include techniques of how to talk to visitors and what information to share with them (regarding the history of their area for example)
Food safety and hygiene training	Focus on food preparation and hygienic presentation for both restaurant operators and guesthouse operators who provide breakfast ²⁷
Record keeping	Training on basic accounting skills and ways to keep track of number of visitors and spending
Basic hospitality skills and needs	Training on simple issues which are considered basic and usually taught in hospitality management courses

Local Guides: Typically the local youth of the village are entrusted to show visitors the local attractions, including hiking, water activities or simply a historical or cultural tour. However, local guides' operations should be licensed and regulated by an official body.

Lebanon Mount Trail Association <LMTA> provides continuous training for all its local guides. Training for guides usually includes: first aid emergency, eco-tourism basics such as types of vegetation and animals found in the region, cultural and historical basics, and soft communication skills.

Transportation services: Locals provide transportation within the rural village and surrounding areas to visitors who either do not have a car or prefer to commute with a local who knows the roads better.

13.3 CHALLENGES FACING RURAL TOURISM IN THE BEQAA: SECURITY AND SUSTAINABILITY

The security situation in Lebanon is taking its toll on tourism in the Beqaa. Some areas of the Beqaa, especially at the borders, are not a good tourism investment at the moment due to the security risks. However, tourism could be carefully developed there in preparation for when the conflict in Syria ends and tourism can flourish again.

Tourism in Beqaa is largely seen as a spring or summer option. This is affecting employment in the sector, as operators still perceive it as an alternative source of revenue in addition to their full-time occupation, since they are not able to work in this sector throughout the year.

Greater effort should be made to promote the yearlong activities in the area (such as Darb al-Karam or WADA guesthouses) and to develop more innovative packages for the winter (such as snow shoeing in Hermel).

The role of municipalities is very important in ensuring proper maintenance and attractiveness of the areas, as well as improving the state of basic services and infrastructure. However, their efficacy depends on its members. Some local authorities do not see rural tourism as a priority and do not cooperate with stakeholders to develop it. Municipalities should be encouraged to see the value that a rural tourist can bring to their area. They should treat it as a viable economic option and work with stakeholders and nearby areas, as needed, to develop tourism packages.

Linkages among the regions of the Beqaa themselves and among neighboring regions for each Beqaa area is extremely important to rural tourism. As such, similar trails to Darb al-Karam and Lebanon Mount Trail <LMT> should be developed. Ideas include a wine trail, a hiking trail between West Beqaa and Shuf, more food trails, etc.

13.4 CONCLUSIONS AND RECOMMENDATIONS

Rural tourism in all parts of the Beqaa is a viable sector that has a lot of potential for development. However, it faces several obstacles that need to be tackled.

In terms of training, although it is available to a certain extent, training needs to be more rigorous and structured around a number of topics. The following comprise the main training needs of the sector.

- Quality of services and adaptation of national and international standards;

- Cooperation and networking between the different actors in the tourism sector. This would contribute to creating better linkages with more conventional tourism operations in the capital that would cooperate to promote rural tourism;

- Business-level training such as marketing strategy and management planning to increase cost-efficiency, operation efficiency and promote the activities and experiences offered by rural tourism.

In addition, there is a need for diversification and expansion of rural tourism guesthouses, activities and products. This can be achieved by developing autumn and winter activities and tours, which would help to make rural tourism a more permanent source of income for the operators, guides and other related actors.

Finally, continuous promotion and marketing of rural tourism at the national level through national and international campaigns and other marketing tools is essential for the sustainability and expansion of these activities.

14 CASE STUDY THREE: HEALTHCARE SERVICES IN BURJ HAMMUD

Burj Hammud and its neighbouring Nab'a area are historically a melting pot of refugees and migrants from various nationalities. While Burj Hammud is known for its Armenian community, it hosts many migrant workers from Asia and Africa, as well as Lebanese migrating from rural areas. It is densely populated and suffers from shortages in the provision of basic social and infrastructural services.

The area is located in the outskirts of Beirut and is close to Beirut's industrial area, and so is home to many industrial workers and their families. Rents are low and construction is mostly sporadic and inadequate. The population density in the area has further increased with the influx of Syrian refugees since 2012, putting further pressure on basic services and resources.

14.1 HEALTHCARE SERVICE PROVIDERS IN BURJ HAMMUD

For an area with high population density, healthcare service providers in Burj Hammud are scant. There are only two major primary healthcare centres, while the other healthcare centres are small and can only handle limited demand. The region has only one nursing home, however, since such a service is still uncommon in Lebanon, one nursing for home is enough to service Burj Hammud and Nab'a. The remainder of this section describes these healthcare centres in terms of their capacity and services.

14.1.1 THE KARAGHEUSIAN PRIMARY HEALTH CARE CENTER (KPHCC)

KPHCC began its operations in Lebanon in 1940 by providing pediatric medicine services for the Burj Hammud community. It slowly began to grow and provide additional services, according to the needs assessment studies conducted by the social workers on the team. Today, KPHCC has 40 employees distributed among the following services:

A. Primary healthcare. The centre has all the staff to provide the full range of primary healthcare, as outlined in Table 16.

Table 16: Karageusian Primary Health Care Center primary services

Department	Description
Chronic care department	Includes a cardiologist and an endocrinologist
Pediatric services	Several pediatricians
Obstetrics and Gynecology department	A gynecologist and a midwife
Family doctors	Three or four practitioners
Nurses	Dedicated registered nurses for each department
Staff	Secretarial staff for each department
Dental department	Initially for children but a year ago began to include adult patients

B. Aside from primary healthcare, the centre provides additional services, as described in Table 17 below.

Table 17: Karagheusian Primary Health Care Center additional services

Department	Description
Social services department	Social workers are divided among the following tasks:
	i. Coordination with the Universal Health Care Coverage of the Ministry (UHC) programme
	ii. Working with women’s groups in the community to provide educational workshops and weekly meetings for women from the community (350 women from the community attend these events every week)
	iii. Psycho-educational programmes for women
Employment office	To help find jobs for the community
Psychotherapy sessions	For anyone over the age of 12
Special education services	For students under the age of 12 who are struggling with their education (a speech therapist and psychologists and special educators are available for these children)
After school study programme	Currently 90 students are part of this programme. Students come to do their homework and there are teachers there on a rotational basis to help them if needed.

KPHCC does not have urgent care facilities or the capacity for emergency care or even rooms, so it refers patients to hospitals when needed.

Medical consultations fees are minimal: Lebanese pay LBP 12,000 for specialists and LBP 8,000 for family medicine and pediatricians.

Funding for all these activities and services is from the Karagheusian Foundation, INGOs such as the UNDP or Guelbakian fund or small Armenian organizations, private donations and church donations.

Syrians pay less because they are covered by the UN; they pay LBP 3,000 or less. Fees for psychotherapists are LBP 20,000 per session.

14.1.2 THE CENTERS FOR ARMENIAN HANDICAPPED IN LEBANON NURSING HOME (CAHL)

The organization started out in 1923 as a centre for the handicapped and the orphans of Ghazir, to serve the Armenians who fled the genocide. In the 1980s, CAHL moved to Beirut and slowly developed into a nursing home for the elderly.

and six administrative and secretarial staff.

CAHL has 31 employees: one doctor, 14 nurses (four of whom are registered, while the others are practical nurses), 50 employees in housekeeping (such as cleaning, changing sheets, bathing patients, changing diapers), 10 kitchen staff,

The nursing home encourages relatives of the elderly to visit them whenever possible and to take them out on Sundays. They also organize day trips for the group whenever possible,²⁸ and welcome school visits from students whenever the opportunity rises. CAHL is also involved in providing food for up to 20 needy homes surrounding their nursing homes as part of their community outreach programme.

14.1.3 ARMENIAN RELIEF CROSS OF LEBANON (ARC)

The organization was founded in 1930 and was recognized as a public utility in 1987. ARC is a non-profit privately funded women's organization. ARC has 26 branches across Lebanon, but the main centre of the executive committee or board is in Bourj Hammoud. The organization has around 4,000 women who work on a volunteer basis in different committees. ARC provides a wide range of services from social to educational and medical services. Its public health department also carries out the public health campaigns launched by the Ministry of Health.

The main medical services are located in the Araxi Boulghourjian primary healthcare centre based in Burj Hammud, which was established in 1987.²⁹ The centre serves not only the Armenian community but the entire Burj Hammud

community. ARC has catered to Iraqi refugees, Syrian refugees, migrant workers and vulnerable Lebanese nationals.

Most of the staff, including doctors and nurses, are volunteers. However, this staff is compensated with incentives such as university tuition or scholarships, education for their children in certain instances, and access to healthcare insurance. ARC works with university residents, especially those who are studying nursing, nutrition or public health. The centre welcomes residents from the American University of Beirut (AUB), Balamand and the Lebanese University.

ARC has nine primary departments funded through private donors or own funding (see Table 18).

Table 18: Armenian Relief Cross of Lebanon departments

Department	Description
A small pharmacy	Provides chronic and non-chronic medication. The chronic medications are provided to the centre by the Ministry of Health, the Ministry of Social Affairs and the YMCA. The non-chronic medications are provided for by the Ministry of Health.
Radiology department	Where many tests are conducted, including echography, mammography, X-rays and bone mass density tests. It is well equipped through donations from INGOs, the ministry, embassies and donors.
Physiotherapy department	Two physiotherapists provide the necessary services such as massages and exercise. All fees are accessible and minimal. They are set by the Ministry of Health and the centre cannot exceed these.
Medical department	Comprises six clinics and 40 specialists working in these clinics covering all medical specialties.
Nursing office	Where malnutrition, immunization and non-commutable disease programmes are conducted in collaboration with the Ministry of Health. They have two registered nurses: one in the medical department and one in the minor injuries department. They also have two assistant nurses.
Dental department	Six dentists
Laboratory	Conducts all basic blood work and tests
Minor injuries unit	Which is adjacent to the clinic. Small injuries are treated there and injections are given as well. A surgeon and a nurse are always in the unit, which only opens until 4pm.
Ambulance service for non-emergency cases	For example, for transportation from home to centre for those who are unable to walk

14.1.4 THE JINISHIAN MEMORIAL PROGRAM (JMP)

JMP was established in 1966 under the auspices of the three Armenian churches in Lebanon and was officially registered as a non-profit local non-governmental organization in 2006. Since then, JMP has developed into an international relief and development organization that provides basic social services, relief grants and developmental assistance.

JMP provides various social and housing services, but its primary activities revolve around community healthcare, as outlined in Table 19.

Table 19: Jinishian Memorial Program departments

Department	Description
Medication dispensing	Medications at the dispensary are donated by the Ministry of Health, or INGOs such as World Vision or the YMCA, and bought at a significantly reduced price. The dispensary employs one doctor, one nurse and one pharmacist. They provide counselling on the medication to use and also conduct very basic follow-up related to the results.
Assistance for hospitalization	This is in the form of help to apply or to refer to hospitals or other institutions that provide relief. They also assist in locating or sometimes providing the needed fees for hospitalization.
Institutional and placement care	This service is provided for the elderly and mentally ill.

14.2 CHALLENGES FOR HEALTHCARE SERVICES: INCREASED DEMAND AND SHORTAGES IN STAFF

The provision of health services in Burj Hammud faces numerous challenges. Primary health care centres alone cannot compensate for the absence of an affordable hospital in the area.

Private hospitals around Burj Hammud (such as Hotel Dieu or Saint George Hospitals) do not admit government-sponsored patients, whereas the nearest governmental hospital is the Karantina Hospital, which has high demand and very few beds, and therefore often turns patients away.

As such, a hospital or at least a fully functional operation room in one of the healthcare centres in the area is recommended. Such an institution would have to keep the financial situation of the area in mind and provide affordable yet reliable hospital services.

Syrian refugees have put additional strain on health care providers' resources. In the Karagosian Primary Health Care Center (KHPCC),

key informants reported observing that the large number of Syrian patients is causing the Lebanese patients to avoid the centre. Those Lebanese who can afford to find alternative health care providers go to other more expensive healthcare centres. The same observations were made by key informants from ARC, where the number of Lebanese patients has dramatically decreased with the increase of Syrian patients in the centre. ARC has received complaints about the increased wait for visitation time (which is blamed on the Syrian refugees) and which sometimes has caused tension between Syrians and Lebanese nationals. Another challenge faced is the amount of paperwork that Syrian patients are required to complete by the nurses providing them with care because they are funded by the UN. This is time consuming and exhausting for employees.

Furthermore, healthcare centres in the area

close at 4pm, so people working longer hours cannot access medical care services. With more funding, these centres can hire more professionals and be able to open until 8pm, thereby catering to these patients who work during the day.

Set against this increased demand for healthcare services, health centres are facing shortages in several positions and skills. Employees in the healthcare institutions in Burj Hammud are mainly Lebanese, but Syrian Armenians work as volunteers and are paid a small amount in exchange for their time.

Many university healthcare programmes (Balamand, AUB and USJ) send their students to do part of their residency training in the health centres of the area. As such, healthcare centres benefit from a steady supply of student doctors, nurses and nutritionists. However, medical residents are temporary, and with the relatively low salaries offered by the centres, it is difficult for qualified professionals to stay for longer

periods. With proper funding, the centres can afford to pay higher wages and therefore retain more of their employees and be competitive in hiring as well.

The largest reported shortage is in registered nurses. Nursing is a demanding and time-consuming career for average pay, and few people are encouraged to work in these roles.

This problem is compounded in institutions such as nursing homes, where nurses have to deal with elderly people, who are often difficult to work with.

Another reported need is for lower level nurses or basic healthcare providers. This typically involves tasks such as bathing patients or changing diapers. This position does not require a university degree but requires practical training and personal skills. This neither a high status nor a desirable job, and healthcare centres are struggling to fill these positions with qualified people.

What does community nursing require?

1. Having interpersonal skills to communicate with the patients and be able to tactically educate them in various issues
2. Being compassionate and caring and going beyond the basic of tasks of vital statistics and such.
3. Making home visits. During home visits, community nurses have to learn how to be observant and identify issues which would be of interest to the doctors and other healthcare providers of these patients.
4. Being engaged in patients' lives and treating them like family to serve them well. To be able to identify issues and how to interact with patients in a meaningful way. Balamand or AUB graduates take a course in community nursing.

According to the interviewees (Key Informant Interviews conducted)

14.3 TRAINING NEEDS

Several training courses are provided by both the public and private actors, mainly in the form of lectures, on-the-job training and workshops. However, key informants reported that this

training is not sufficient, and underlined training needs in other domains.

The Ministry of Public Health (MoPH) provides

seminars and workshops on a range of issues within healthcare provision. The Ministry holds such sessions when it launches new programmes that it wants healthcare services providers to implement. For example, a recent series of seminars were held on mental health, which were attended by KPHCC psychologists and social workers and which helped them improve their psychology department. Healthcare practitioners from ARC also regularly attend the training provided by MoPH.

Private hospitals and NGOs provide training on first aid and best practices in hygiene.

This training is especially important for the practical and basic nurses who have continuous interaction with patients.

Key informants identified a number of areas where training is needed. One of these areas is community nursing. Working in a community like

Burj Hammud makes it necessary for nurses to be trained in community nursing, which is different to working in a hospital. Although universities give courses on community nursing, it is not sufficient, and more training is needed.

Another area identified by key informants for training relates to basic and practical nursing.

This type of care does not require formal education; instead, it requires more behavioural and personal skills, training for which will help care providers to cater to patients' needs with respect and humility.

Training in management skills and bookkeeping for those who are running the centres is also needed. Such types of training are sometimes provided by private training companies, but they are not sufficient. Management skills are essential for making sure that the back office work of the centres runs smoothly.

14.4 CONCLUSIONS AND RECOMMENDATIONS

The healthcare sector in the area of Burj Hammud and surrounding neighbourhoods is facing challenges on several fronts. The present healthcare centres are operating in an extremely overcrowded area with residents suffering from poverty and vulnerability. In addition, cultural clashes and existing tensions between Syrian refugees and Lebanese residents are being manifested at the centres, where the Lebanese are unwilling to wait in line or share examination rooms with Syrians.

These centres do not have the sufficient financial resources, space or staff to provide all the services that are needed. They are facing difficulties in finding and hiring both registered nurses and basic care nurses. These employment needs are also reflected in the skills that the centres report are missing or insufficient among their current staff. Community nursing and practical nursing skills are needed in these centres, and thus training in these skills is a clear requirement.

Furthermore, from the findings in this case study, we can recommend that training in home-based primary care is important. Primary healthcare centres are overcrowded, and waiting times to receive medical attention are constantly increasing. Therefore, training in home-based care could relieve the pressure on healthcare centres, ensure adequate care for patients and create jobs for members of the local community.

The existing healthcare centres are providing much more than medical and primary healthcare services. They are acting as social and educational support, as well as recreational centres, which increase their social responsibility for the overall well-being of the local communities. Therefore, providing support to these centres is vital, and would service the entire community of Burj Hammud and its surroundings.

ANNEX 1: ENTERPRISE SURVEY QUESTIONNAIRE

MARKET RESEARCH ON DEVELOPMENT OF VIABLE ECONOMIC SUB-SECTORS								
QUESTIONNAIRE DRAFT ONE								
SECTION 1: SURVEY ID								
1.1	Name of surveyor	1 = Victor	2 = Rafic	3 = Lara	4 = Abbas	5 = Najwa	6 = Yara	7 = Fatima
1.2	Date	DD	MM	YYYY				
1.3	Location	1 = Baalbek 2 = Zahle 3 = Tripoli 4 = Burj Hammoud 5 = Dekwaneh 6 = Jdeideh 7 = Baushrieh		8 = Sad El Baushrieh 9 = Laboue 10 = Fakhe 11 = Ras Baalbeck 12 = Douris 13 = Majdeloun 14 = Maqne		15 = Shmestar 16 = Bednayel 17 = Deir El Ahmar 18 = Chtoura 19 = Taanayel 20 = Bar Elias 21 = Anjar		22 = Majdel Anjar 23 = Riyak 24 = Tourbol 25 = Kosa 26 = Ferzoul 27 = Ablah

SECTION 2: ENTERPRISE PROFILE						
2.1	Name of enterprise			2= HR manager	3= Manager	4= Other
2.2	Name of interviewee			1= Male		
2.3	Position of interviewee	1 = Owner/ Partner		2= Intermediate	3= secondary	4=university
2.4	Gender	0 = Female				
2.5	Education level of interviewee	1 = elementary or less				
2.6	Address					
2.7	Contact number					
2.8	Year of establishment in its current activity	YYYY				
2.9	Type of ownership	1 = SAL		2= SARL	3= partnership	
2.10	Sector of activity	1 = Construction		2=Food processing	3=Food services	
2.11	Description of activity					
2.12	Average Estimated annual turnover in the last couple of years	\$_____				
	Where do you sell your product?					
2.13	In the city	Yes	No			
2.14	In the Caza	Yes	No			
2.15	Across the country	Yes	No			
2.16	Internationally (I export)	Yes	No			
2.17	How you distribute your product?	Directly	Through a company	Other		
2.18	What percentage of your output do you export?	_____ percent				

SECTION 3: EMPLOYMENT					
3.1	Number of full-time employees	_____			
3.2	Number of part-time employees	_____			
3.3	Number of seasonal employees	_____			
3.4	High season for employment	1= winter	2= summer	3=spring	4 =fall
3.5	How many of your employees are aged less than 20	_____			
3.6	How many of your employees are between 20 and 35 years?	_____			
3.7	How many of your employees are between 36 and 50 years?	_____			
3.8	How many of your employees are between 51 and 64 years?	_____			
3.9	How many of your employees are older than 64?	_____			
3.10	How many of your employees are males?	_____			
3.11	How many of your employees are males?	_____			
3.12	How many of your employees are Lebanese?	_____			
3.13	How many of your employees are Syrian?	_____			
3.14	How many positions are taken by family members?	_____			
3.15	When was the last time you hired a skilled labourer? (we define skilled)	year	month		
3.16	What position did you fill with your last hired skilled labourer?	_____			
3.17	Do you work on improving the skills of your employees?	yes	no		
3.18	How do you work on improving the skills of your employees?	specialized training internally	specialized training course outside	On the job mentoring	Other

SECTION 4: ENTERPRISE GROWTH INVESTMENT				
During the past few years did you...				
4.1	Invest in new equipment?	1= yes	0= no	
4.2	If yes, where did you get the funds?	Own funds	NGO support	Credit
4.3	If yes, please provide details on the new equipment			
4.4	Invest in physical expansion of your enterprise?	1=yes	0=no	
4.5	If yes, where did you get the funds?	Own funds	NGO support	Credit
4.6	If yes, please provide details on the physical expansion			
4.7	Invest in new technology?	1=yes	0=no	
4.8	If yes, where did you get the funds?	Own funds	NGO support	Credit
4.9	If yes, please provide details on the new technology			

How important are the following types of investment for your business? Rate from 1 to 5

		Not important at all	Not very important	Neither
4.10	Investing in equipment	1	2	3
4.11	Investing in physical expansion	1	2	3
4.12	Investing in new technology	1	2	3

How important are the following skills to your business?

		Not important at all	Not very important	Neither
4.13	Planning and budgeting	1	2	3
4.14	Acting quickly in response to changes in the environment	1	2	3
4.15	Maintaining good customer relations	1	2	3
4.16	Assessing sales problems	1	2	3
4.17	Attracting and keeping competent employees	1	2	3
4.18	Focusing on design and quality of the product	1	2	3
4.19	Management expertise skills	1	2	3
4.20	Working together with other businesses in the same industry	1	2	3
4.21	Delegating responsibility to employees when necessary	1	2	3
4.22	Marketing skills	1	2	3

Which of your employees' positions (including yourself/partner) is responsible for the following:

		Position
4.23	Planning and budgeting	
4.24	Acting quickly in response to changes in the environment	
4.25	Maintaining good customer relations	
4.26	Assessing sales problems	
4.27	Attracting and keeping competent employees	
4.28	Focusing on design and quality of the product	
4.29	Management expertise skills	
4.30	Working together with other businesses in the same industry	
4.31	Delegating responsibility to employees when necessary	
4.32	Marketing skills	

BARRIERS TO GROWTH

How would you rate these barriers as important for the growth of you enterprise?

		Not important at all	Not very important	Neither	Important	very important
4.33	Lack of financial support	1	2	3	4	5
4.34	Lack of access to loans from banks	1	2	3	4	5
4.35	Lack of collateral	1	2	3	4	5

4.36	Bad credit record	1	2	3	4	5
4.37	Insufficient government support	1	2	3	4	5
4.38	High taxes and other tariffs	1	2	3	4	5
4.39	Costs of registration and licenses	1	2	3	4	5
4.40	High interest rate	1	2	3	4	5
4.41	High inflation rate	1	2	3	4	5
4.42	Recession of the economy	1	2	3	4	5
4.43	Political instability in the country	1	2	3	4	5
4.44	Syrian crisis impact on Lebanon	1	2	3	4	5
4.45	Corruption	1	2	3	4	5
4.46	Clientelism	1	2	3	4	5
4.47	Crime	1	2	3	4	5
4.48	Security situation	1	2	3	4	5
4.49	Inadequate demand	1	2	3	4	5
4.50	High competition	1	2	3	4	5
4.51	Inadequate market research	1	2	3	4	5
4.52	Lack of experience	1	2	3	4	5
4.53	Lack of business skills	1	2	3	4	5
4.54	Inability to keep qualified employees	1	2	3	4	5
4.55	Location of the business	1	2	3	4	5
4.56	Lack of networking	1	2	3	4	5
4.57	High production costs	1	2	3	4	5
4.58	Lack of information technology	1	2	3	4	5
4.59	High transport costs	1	2	3	4	5
4.60	Shortage of skilled labour	1	2	3	4	5
4.61	Lack of internal employee training	1	2	3	4	5
4.62	Poor electricity supply	1	2	3	4	5
4.63	Poor roads	1	2	3	4	5
4.64	Poor water supply	1	2	3	4	5
4.65	Poor telecommunication	1	2	3	4	5

SECTION 5: FACTORS OF SUCCESS

How much do you agree or disagree with the following statements

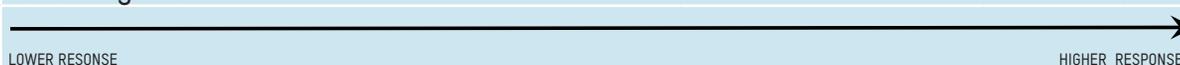
		Strongly disagree	Disagree	Neither	Agree	Strongly agree
5.1	I consider my business successful	1	2	3	4	5
5.2	I am a successful business owner/ manager	1	2	3	4	5
5.3	I consider my business growing	1	2	3	4	5

How would you rate the importance of the following factors for your success?

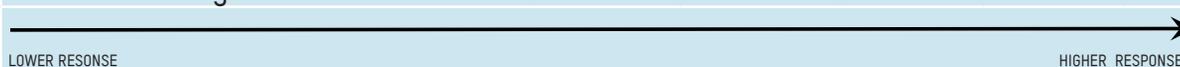
		Not important at all	not very important	Neither	Important	very important
5.4	Good management skills	1	2	3	4	5
5.5	Charisma/ friendliness	1	2	3	4	5
5.6	Satisfactory government support	1	2	3	4	5
5.7	Access to capital	1	2	3	4	5
5.8	Previous business experience	1	2	3	4	5
5.9	Support of family and friends	1	2	3	4	5
5.10	Marketing / sales promotion	1	2	3	4	5
5.11	Good product at competitive price	1	2	3	4	5
5.12	Good customer service	1	2	3	4	5
5.13	Hard work	1	2	3	4	5
5.14	Position in society	1	2	3	4	5
5.15	Maintenance of accurate records	1	2	3	4	5
5.16	Ability to manage personnel	1	2	3	4	5
5.17	Social skills	1	2	3	4	5
5.18	Political involvement	1	2	3	4	5
5.19	Reputation of honesty	1	2	3	4	5

SECTION 6: COMPETITIVENESS

6.1 Where would you place your products' quality compared to your competitors on the following line



6.2 Where would you place your response to customer needs compared to your competitors on the following



6.3 Where would you place your price competitiveness compared to your competitors on the following



SECTION 7: BUSINESS DEVELOPMENT SUPPORT NEEDS

7.1	Have you benefited from BDS before?	1= yes	0= no			
7.2	If yes, what type?					
7.3	Who provided it?	NGO	Government	Private company		
7.4	Did you pay?	1= yes	0= no			
7.5	How would you rate the quality of the BDS?	1=very bad	2=bad	3=average	4=good	5=very good

How much are you willing to pay for a training on:

7.6	Development of business plan	\$0	—————→	\$200	
7.7	Development of marketing strategy	\$0	—————→	\$200	
7.8	Technology transfer to help reduce cost of production	\$0	—————→	\$200	
7.9	Administration	\$0	—————→	\$200	
7.10	Procurement	\$0	—————→	\$200	
7.11	Finance and budgeting	\$0	—————→	\$200	
7.12	Life skills training for staff	\$0	—————→	\$200	
7.13	Technical training for staff	\$0	—————→	\$200	
7.14	Foreign language for staff	\$0	—————→	\$200	
7.15	Computer skills for staff	\$0	—————→	\$200	
7.16	What other type of BDS would you be willing to pay for?				

SECTION 8: EXPECTATION FOR THE FUTURE

8.1	How much do you expect to grow over the next years? Place your expectation on the following line	below the zero negative growth and above it positive growth				
8.2	Which of these is the closest to your development strategy?	1 = Improve customer service 2 = Raise productivity / lower production cost 3 = Expand range of products / services 4 = Expand to overseas markets 5 = Enhance quality of offered products / services				

How much do you agree or disagree with the following statements?

		Strongly disagree	Disagree	Neither	Agree	Strongly agree
8.3	My business is benefiting from the Syrian crisis	1	2	3	4	5
8.4	My business will grow after the Syrian crisis ends	1	2	3	4	5
8.5	My business will benefit from the Syrian reconstruction process	1	2	3	4	5

SECTION 9 WAGE AVERAGES:

How much do you think is the average wage of the following full time employees in your industry?

9.1	Skilled male Lebanese	\$
9.2	Skilled female Lebanese	\$
9.3	Skilled male Syrian	\$
9.4	Skilled female Syrian	\$
9.5	Unskilled / daily worker male Lebanese	\$
9.6	Unskilled / daily worker female Lebanese	\$
9.7	Unskilled / daily worker male Syrian	\$
9.8	Unskilled / daily worker female Syrian	\$

ANNEX 2: IN-DEPTH INTERVIEW GUIDELINE FOR CASE STUDIES ON NEW SECTORS WITH GROWTH POTENTIAL

INTERVIEWER NAME:

DATE AND LOCATION:

INTERVIEWEE NAME:

AFFILIATION:

POSITION:

ADDRESS:

PHONE NUMBER:

EMAIL:

Interviewer to begin by introducing the research project and its objectives.

The interviewer should mention that the information shared will remain confidential and will be solely used for research purposes and shared – in its raw form – with OXFAM only and under confidentiality.

Ask for interviewee consent before recording the interview.

TIMELINE AND CONTEXT

1. How long have you been working in this domain?
2. How has the sector changed over time since you started working in it?
 - 2.1. What was your best year? And why?
 - 2.2. What was your worst year? And why?
3. How would you describe the current situation of the sector?

EXPECTATIONS FOR GROWTH

4. What are your expectations for the sector over the coming years in terms of its development?
5. Where do you see opportunities for growth?
6. What are the main challenges facing this sector's development?

WORKFORCE

(General questions directed to all, detailed questions only to business owners)

7. Do you think the lack of qualified labour is a limitation for growth? (interviewee to probe this question if the interviewee has not mentioned it)
 - 7.1. What is (are) the last position(s) you hired someone for?
 - 7.2. What are the positions you consider indispensable?
8. What are the skills you look for when you hire an employee? (probe for the interviewee to discuss more in details)
 - 8.1. When was the last time you hired a Lebanese worker?
 - 8.2. When was the last time you hired a Syrian worker?
 - 8.3. For what types of jobs do you usually hire Syrians? Lebanese?
 - 8.4. Have you found skills available within the Syrian refugee population that were not available before?
 - 8.5. What would lead you to hire more workers (Syrians and Lebanese)?
9. Do you think vocational institutions are providing young graduates with adequate skills?
 - 9.1. What do you think can be improved?
 - 9.2. Do you have an internal system for training your employees? Can you please describe it?
10. What is the role played by women in your company's workforce? How would you describe the difference between women and men?

INSTITUTIONS AND BUSINESS ENABLING ENVIRONMENT

(Directed to institutional representatives)

11. What national policies are needed for the improvement of the sector?
12. What institutional reforms do you think need to be made to support this sector?
13. Do you think any of the existing business support schemes would be interested in this sector?

SYRIAN CRISIS

14. How has the Syrian crisis impacted your business?
15. How do you see the future outlook after the end of the Syrian crisis?
16. In your sector of activity, would joint value chain linkages between Syria and Lebanon be successful?

EXIT

17. Is there anything else you think I should have asked you about?

Thank the interviewee for their time and patience – remind them that the research result will be shared with them and reiterate the confidentiality of the information they have shared.

ANNEX 3: DETAILED DESCRIPTION OF ENTERPRISES REPORTING BDS NEEDS

The table below presents a detailed disaggregation of the characteristics of firms that have reported needing BDS in each region and sector within the region.

	Baalbek			Zahle		
	Construction	Food Processing	Food Services	Construction	Food Processing	Food Services
Total companies	6	3	11	3	1	11
Year of Establishment						
1975-1881		1				ε
1990-1976	2			1		1
2000-1991	1	1	5			2
2010-2001	2	1	2		1	3
2017-2011	1		4	2		1
Education Level						
Elementary or less		1	2			1
Intermediate	1		3			2
Secondary	1	1	5	1	1	2
University	4	1	1	1		6
Doctoral						
Average Turnover (\$)	30,000.00	50,333.33	30,000.00	-	-	-
Investment						
Equipment	2	1	9	0	0	7
Expansion	1	1	5	0	0	2
Technology	1	1	2	0	0	4
Success statements (Agree + Strongly Agree)						
Business successful	5	3	9	3	1	10
Successful owner	6	3	11	3	1	11
Business growing	4	2	9	2	1	9
Compared to competitors (>=10)						
Better quality	6	3	11	3	1	11
Better response to customer needs	6	3	11	3	1	11
Better price competitiveness	5	1	0	2	1	9
BDS						
Benefit from BDS before	0	0	0	0	0	1
Size						
Average number of employees	11	9	4.55	8	4	12.27

	Metn			Tripoli		
	Construction	Food Processing	Food Services	Construction	Food Processing	Food Services
Total companies	4	5	10	13	10	17
Year of Establishment						
1975-1881	۲		۲		۴	۱
1990-1976		1	1			
2000-1991		2	1	3	3	1
2010-2001	2	2	1	6		5
2017-2011			5	4	3	9
Education Level						
Elementary or less						
Intermediate	1	2	2	1	3	
Secondary	1		2	2	1	2
University	2	3	6	9	5	14
Doctoral				1	1	
Average Turnover (\$)	-	126,666.67	72,000.00	625,037.13	192,066.00	-
Investment						
Equipment	2	3	3	4	4	12
Expansion	1	1	0	4	2	5
Technology	1	3	2	2	2	7
Success statements (Agree + Strongly Agree)						
Business successful	3	5	9	13	10	14
Successful owner	3	5	9	11	10	12
Business growing	2	5	7	11	9	14
Compared to competitors (>=10)						
Better quality	3	4	10	12	8	14
Better response to customer needs	2	4	9	12	9	12
Better price competitiveness	3	4	7	8	7	14
BDS						
Benefit from BDS before	0	0	0	2	1	1
Size						
Average number of employees	26.5	8	9.5	17.46	17.8	24.94

NOTES

1- Initially, enumerators approached 504 enterprises in total, out of which 414 (82%) agreed to participate in the survey. The highest non-response rate was registered in the Metn region (31%); the lowest in Tripoli (18%).

2- The years of violence between 1975 and 1990 resulted in a fall in GDP by 1993 of 60 percent of its projected value had the war not occurred. Among the most serious effects of the war was the displacement of large numbers of people from their areas of origin, and the destruction of an estimated 100,000 housing units. This was often accompanied by the disappearance or death of family members, mostly men, the break-up of families, the loss of job opportunities, and subsequent resettlement in areas not originally appropriate for lodging. (R. Kasparian (1995), *La Population Déplacée par la Guerre au Liban*, L'Harmattan, Paris).

3- See S. Nasr (1978), *Backdrop to Civil War: The Crisis of Lebanese Capitalism*, MERIP Reports 8, 10, 73.

4- IMF Article IV Report on Lebanon, 2017. Available at: <https://www.imf.org/en/Publications/CR/Issues/2017/01/24/Lebanon-2016-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-44572>

5- Average yearly per capita expenditure (excluding housing) is composed as follows: 3,470 USD for food and clothing; 370 USD for education; 500 USD for health; totaling 4,340 USD. This would reach 6,740 USD if housing costs estimates of 2400 per year were added. Per capita income reaches 5,500 USD, and remittances per capita 1,300 USD (based on total transfers of 5.18 billion USD in 2005). (Data from various sources, including UNDP and the World Bank).

6- K. Hamdan and T. Gaspard (2003), *Ministry of Economy and Trade Report. Competition in the Lebanese Economy – CRI 2013*. Available at: http://www.economy.gov.lb/public/uploads/files/7390_7419_1422.pdf

7- Jad Chaaban (2016), *I've Got the Power: Mapping Connections between Lebanon's Banking Sector and the Ruling Class*, ERF Working Paper 1059.

8- Economic historians note that shipments of American gold didn't make sixteenth-century Spain rich. Instead, the countries that laboured to provide Spain with goods, such as England and the Netherlands, were a few decades later beating Spain handily in the economic game.

9- Credit Suisse Global Wealth Report 2016. Available at: <https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/the-global-wealth-report-2016-201611.html>

10- W. Easterly (2002), 'The Elusive Quest for Growth', estimates the loss in per capita GDP growth resulting from social polarization to be near 2 percent. Available at: <https://sociologiadeldesarrollo.files.wordpress.com/2014/11/245593638-william-r-easterly-the-elusive-quest-for-growth-bookzz-org-pdf.pdf>

11- World Bank (2012), *Good Jobs Needed*. Available at: <http://documents.worldbank.org/curated/en/230521468089355499/pdf/760080ESW0GRAY0C0Disclosed030200130.pdf>

12- World Bank (2010), *Doing Business in Lebanon*. Available at: <http://www.doingbusiness.org/data/exploreconomies/lebanon#paying-taxes>. Tax wedge is defined as the difference between the cost of labour and the take-home pay.

13- Hicham Abou Jaoude (2015), *Labour Market and Employment Policy in Lebanon*. Available at: [http://www.etf.europa.eu/webatt.nsf/0/33A1850E6A358308C1257DF005942FE/\\$file/Employment%20policies_Lebanon.pdf](http://www.etf.europa.eu/webatt.nsf/0/33A1850E6A358308C1257DF005942FE/$file/Employment%20policies_Lebanon.pdf)

14- World Bank 2010 survey from the *Good Jobs Needed* report. Available at: <http://documents.worldbank.org/curated/en/230521468089355499/pdf/760080ESW0GRAY0C0Disclosed030200130.pdf> . ANND Study (2016). Available at: <http://www.annd.org/cd/arabwatch2016/pdf/arabic/4.pdf>

15- Central Administration of Statistics, *Multiple Indicators Cluster Survey 2009 (MICS 3)*.

16- MoSA – UNDP (2009), The National Social Strategy of Lebanon, Beirut: UNDP, p. 62.

17- These results should be treated with caution, since the response rate on questions pertaining to turnover is low. Response rate for turnover varied between regions: Beqaa (34% construction, 49% food processing, 25% food services), Metn (7% construction, 29% food processing, 5% food services) and Tripoli (25% construction, 11% food processing, 3% food services).

18- K. Hamade (2016), Agriculture as a key to the resilience of Lebanon rural areas to the effect of the Syrian Crisis. In CIHEAM (eds), Crisis and Resilience in the Mediterranean. CIHEAM Watch Letter 36, Paris.

19- Central Administration of Statistics – Multiple Indicators Cluster Survey 2009 (MICS 3). Available at: http://www.cas.gov.lb/images/Mics3/MISC3_new/Labor%20force%20in%202009.pdf

20- World Bank (2013), Lebanon – Economic and social impact assessment of the Syrian conflict. Washington DC: World Bank. Available at: <http://documents.worldbank.org/curated/en/925271468089385165/Lebanon-Economic-and-social-impact-assessment-of-the-Syrian-conflict>

21- Response rates for the wages varied across the types of workers: skilled male Lebanese 61%, skilled female Lebanese 39%, skilled male Syrian 57%, skilled female Syrian 29%, unskilled male Lebanese 44%, unskilled female Lebanese 31%, unskilled male Syrian 46% and unskilled female Syrian 27%.

22- The PCA used Direct Oblimin rotation following the assumption that the components are orthogonal, but rather correlated.

23- See <https://www.idal.org/>

24- Bank Med (2014), Analysis of Lebanon's Maritime Transport. Available at: <https://www.bankmed.com.lb/BOMedia/subservices/categories/News/20150515164036317.pdf>

The government was discussing the re-establishment of a railroad from the Port of Tripoli to the Syrian border, but these discussions are now on hold. The World Bank was a potential financier for this project that would be implemented by the Council for Development and Reconstruction (CDR). An important step would be the activation of the Rene Mouawad Airport in Qolayat, in Akkar, North Lebanon. This will complete the logistic network around the Port of Tripoli, avoiding the delays caused by poor land transport to Beirut Airport, and leading to faster re-export of goods.

25- The LMT is the first long-distance hiking trail in Lebanon, extending from the North of Lebanon to the South in a 470km path that transects more than 75 towns and villages at altitude ranging from 600 metres to 2,000 metres above sea level.

26- Cultural sensitivities should be considered here, since, in the eyes of these providers, they are preparing everything in a hygienic manner, so training should be done in an indirect, non-accusatory way.

27- The logistics are difficult because they have to source buses which are equipped to carry wheelchairs.

28- ARC additionally has two dispensaries: one in Anjaar and one in Ashrafieh, but they are small and only offer medications when the only doctor is on duty.

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